FINANCIAL TIMES

No. 26,837 · Friday December 5 1975 · **10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Pts.38; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Force likely to end sieges

two groups of gunmen held more than 60 men, women and children hostage in Holland last night, the Dutch Government said it would probably have to use force to defeat them.

While six South Moluccan extremists remained in possession of a hijacked train and 37 hostages—22 of them children—after shooting another hostage, a second group of armed men yesterday seized the Indonesian consulate in Amsterdam, where they shot a member of the staff through the stomach and took 32 people prisoner, including 17 children.

Last night the train hijackers continued to demand the release of all South Moluccan prisoners in Dutch jails and independence for South Molucca as the train remained surrounded by hundreds of police and troops in bleak countryside.

Food provided

At the Indonesian consulate the gunmen asked for and received food for 65 people, including large quantities of milk. Police could not explain the discrepancy between the number of hostages and the quantity of food requested.

The gang also asked for the presence of a South Moluccan clergyman as a mediator — a request police said they would only accede to after the release of the children.

As the Cabinet met last night the Dutch Government placed the Marine Corps and the Royal Constabulary Guard on high alert.

Mr. Joop Den Uyl, Prime Minister, said the Government would probably be forced into violence to end both incidents. "We are trying to find a non-violent solution," he said, "but we are extremely pessimistic."

The Moluccan problem, Page 6

Queen to pay some members of her family

The Government yesterday accepted an offer from the Queen to pay an estimated £120,000 a year in salary for certain members of her family who are normally paid by the State through the Civil List. Announcing the arrangement, Mr. Harold Wilson indicated to the Commons that the sum would remunerate the Duke of Kent, Princess Alexandra, the Duke of Gloucester and Princess Alice, Countess of Athlone. Parliament, Page 14

Navy criticises gunboat tactics

Icelandic gunboat tactics against British trawlers were attacked at a Grimsby Press conference last night by Commander Hugh Dickson, captain of the British frigate Leopard after returning from the disputed 200-mile limit. He warned the smallest error on the part of a gunboat captain could result in a collision with loss of life.

Court rebukes Home Office

Three Appeal Court judges yesterday rebuked the Home Office, reversed last week's High Court judgment on April's beat-the-Budget colour TV licence purchases and ruled that the buyers had the law on their side.

ITV is not to compete with BBC coverage of next year's Montreal Olympics and will offer alternative programmes. Broadcasting News Page 10

Briefly . . .

President Ford is due in Indonesia to-day after ending his four-day visit to China. Page 5

Mrs. Margaret Thatcher, was yesterday re-elected unopposed as leader of the Conservative Opposition.

Concorde is to receive its U.K. Certificate of Airworthiness to-day. Page 12

BUSINESS

Unsettled equities fall 3.9; £ better

● EQUITIES were unsettled after the overnight setback on Wall Street. A small rally in the afternoon left prices above the worst. The FT 30-share index closed 3.9 down at 364.2.

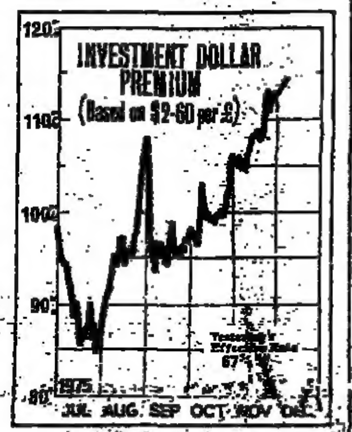
● GILTS were more active. Shorts made small gains. Initial losses of ¼ in longs were pared to ⅛ by the close.

● STERLING continued to gain strength. The pound again rose 45 points to \$2.0295, its weighted depreciation narrowed to 30 per cent. (30.1). The dollar's weighted fall widened to 2.06 per cent. (1.98).

● GOLD lost \$1 to \$139 in very dull trading.

● WALL STREET closed 3.62 up at 829.11, buoyed by bargain hunting and news that U.S. wholesale prices held steady in November after rising for four months. Page 5

● INVESTMENT DOLLAR premium rose to a peak 116¼ per



cent. in sparse business. The SE conversion factor was 0.5959 (0.6029).

● WEST GERMAN unemployment figure has risen to 4.9 per cent. of the workforce. Page 6

BP income drops £189m.

● BRITISH PETROLEUM net income for the nine months ended September 30 fell £189m. to £117.3m. Page 25 and Lex

● LLANWERN court of inquiry recommends that talks should resume on the basis of BSC's latest offer to the blastfurnacemen. Back Page, Details, Page 15, Editorial Comment, Page 22

● BRITISH LEYLAND'S production shortage was highlighted again in November. For the second month in succession, the State group sold fewer cars than Ford. Page 10. The seven drivers who have paralysed BL's Cowley plant are to return to work. Back Page

● SLATER WALKER chairman, Mr. Jimmy Goldsmith, seems certain to fly to Singapore in an effort to settle the group's £14.5m. loan to Haw Par Brothers International. Page 12, Haw Par figures, Page 27

● STOCK EXCHANGE Council's decision on higher commissions is expected either next Tuesday or a week later.

COMPANIES

● PILKINGTON BROTHERS reports a first-half setback. Taxable profits are down to £8.96m. (£14.56m.). Page 25, and Lex

● GREAT UNIVERSAL STORES half-year pre-tax profits improved to £40.94m. (£37.02m.). Page 25 and Lex

● BASS CHARRINGTON pre-tax profits rose to £55.6m. (£50.1m.) after a first-half decline to £23.6m. (£27.2m.). Page 24 and Lex

● RACAL ELECTRONICS is forecasting a 1975-76 pre-tax profit of over £15m. (£9.56m.). The half-year figure shows a sizeable increase to £6.24m. (£2.83m.). Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 11½pc '81	£97⅛	+ ¼
Barlow Rand	285	+ 8
Basset (Geo.)	88	+ 4
British Benzol	26	+ 5
Burnett & Hallamshire	70	+ 4
Chapman (Balham)	125	+ 5
Coated Metals	67	+ 8
Crossland (R. & A. G.)	20	+ 4
Intl. Computers	69	+ 3
Muirhead	101	+ 8
Philips' Lamp	850	+ 15
Racal Electronics	212	+ 28
Anglo Ecuadorian	69	+ 5
Becks Nat. Resources	80	+ 6
Anglo American Gold	£20	+ 1¼
Cons. Murchison	800	+ 40
Doornfontein	650	+ 30
Killinghall	150	+ 10
Meeko-Wallsend	490	+ 20
Poseidon	190	+ 20
Union Crpn.	415	+ 10
West Drie.	£37¼	+ 2

FALLS

Berkeley Hambro	79	− 8
GKN	249	− 6
Henlys	71	− 4
Jennings (A. V.)	143	− 8
Land Secs.	157	− 5
Lloyds Bank	237	− 6
Martin (Newsagent)	135	− 7
Menzies (J.)	123	− 7
Mothercare	170	− 6
Nat. Westminster	238	− 5
Pearl Assurance	218	− 6
Pilkington	262	− 12
Renwick Group	15	− 3
Royal Insurance	300	− 5
Royal Worcester	103	− 6
Tunnel Hldgs. "B"	182	− 6
Turner and Newall	145	− 4
United Newspapers	230	− 5

Import controls and easier HP package before Christmas

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

An economic package, including hire-purchase relaxations, import controls and *further "job creation"* measures is expected to be formally announced by the Government before Christmas.

The exact timing and contents of the package will be dictated by the final decision on the extent of Government help for Chrysler (U.K.) whose problems were again the subject of intense discussions at a Cabinet meeting lasting over 3 hours yesterday.

Hire purchase relaxations for consumer durables are now regarded as virtually certain. Such measures are traditionally quick-acting, and would alleviate the unemployment situation without adding to the Government's borrowing requirement.

The list of candidates for import controls has been whittled down by the Treasury. It is believed to include television tubes, shoes, shirts and certain textile materials.

All of these are regarded in Whitehall as special cases, *already subject* to controls in other countries, and not out of keeping with the spirit of international anti-protectionist declarations.

Real fear

Import controls on cars are quite a different story, and it is the mere suggestion of these which has provoked so much international reaction.

In the remote chance that the Government were to decide to save the whole of Chrysler (U.K.), then the international reaction to import-controls on cars would be fearsome.

At present opinion seems to be veering towards saving only part of Chrysler, but—because of the employment implications—a rather larger part than had earlier seemed probable.

In this event, the Government's very real fear is that the Chrysler dealer network would be "up for grabs" by foreign manufacturers, at a time when the British industry's own car stocks are at a low ebb, and the *share of the market absorbed by* imports is already embarrassingly large.

Any move to ease hire-purchase restrictions for cars in such circumstances would seem inadvisable, to say the least.

But the Government might well want to impose "temporary" import controls, on the grounds that this would be a unique situation, in which the British car industry would be vulner*able to the sort of "lethal* attacks" already referred to by Mr. Wilson as criteria for imposing controls.

On import controls *in general*, the Prime Minister conceded in Parliament yesterday that "there is a certain difficulty about proceeding immediately," adding, "but we intend to proceed with great urgency."

A major factor here must be clearance of U.K. import controls with the EEC. Over car import controls, in particular, the Government would otherwise stand the risk of being taken to the European Court.

With the Chrysler decision the key, an important factor on timing is that Chrysler wants to sort the situation out by the end of December.

This in effect must mean before the holiday season begins. But it is the fact that the ultimate deadline is not until then, which explains the "to-morrow or next week" tone of so many recent predictions.

Some time was spent in yesterday's Cabinet discussions on the implications for employment of the various Chrysler options.

Cushion

Whatever the final decision, part of the impending employment boosting package will be designed not so much to counter the general rising trend of unemployment, but simply to cushion the impact of the expected Chrysler closures.

Mr. Robert Mellish, Government Chief Whip, promised in the Commons yesterday that the Government would make a statement on Chrysler as soon as discussions with the company had completely finished.

He announced that the Government had provided a day, before Christmas, for a debate on the unemployment situation.

● The Parliamentary Labour Party is to debate import con*trols at a special meeting of* Labour MPs next Wednesday, writes Richard Evans. Mr. Peter Shore, Trade Secretary, will reply to the debate. The timing of the discussion has no relevance to the timing of any statement on import controls.

TGWU call, Page 15

Strauss, Prince Bernhard deny Lockheed payments

BY GUY DE JONQUIERES

NEW YORK, Dec. 4.

LOCKHEED AIRCRAFT is alleged by the Wall Street Journal to-day to have paid bribes to Prince Bernhard of the Netherlands and to Herr Franz-Josef Strauss, the former West German Defence Minister, to promote sales of its F-104 Starfighter military aircraft during the early 1960's.

The allegations, which the journal concedes are not corroborated, have been denied both by a spokesman for Prince Bernhard and by the Christian Social Union, the political party headed by Herr Strauss. Lockheed spokesmen have said that they have no knowledge of the alleged payments.

Pressure

The journal's allegations, which are also being investigated by the Senate Sub-Committee on Multi-National Corporations, come at a moment when Lockheed is under growing pressure to disclose details of \$22m. in covert payments which it has admitted making to foreign recipients since 1970.

Lockheed has since argued that such inducements were necessary to secure valuable foreign military contracts over fierce competition from other bidders.

The journal's front-page report this morning is based on statements and personal diaries kept by a former Lockheed employee, who worked in the aerospace company's West German sales office between 1961 and 1964.

The journal reported that the employee, Mr. Ernest Hauser, first made his allegations in a closed session with the Senate sub-committee before discussing them with the newspaper and handing it his diaries. The journal said the diaries had been examined by a handwriting expert, who found no evidence that their dates had been forged.

According to the journal, Mr. Hauser alleged that during his time in West Germany, Lockheed made payments in the Netherlands and West Germany to promote sales of the F-104.

The Netherlands have purchased 138 F-104s and West Germany has purchased 917, of which 174 have crashed, earning the aircraft the nickname "the flying coffin."

Mr. Hauser has not put any figure on the total amounts of the alleged payments, though the journal reported that he had said that he personally delivered an envelope containing cash to Colonel Guenther Rall, head of the Starfighter planning staff in the West German Air Force during the early 1960s.

'Meetings'

Mr. Hauser's diaries are reported to contain several instances in which he allegedly met with other Lockheed executives to discuss payments to be made to promote F-104 Starfighter sales in the Netherlands.

Mr. Hauser alleged that payments were made to Prince Bernhard through an account in the Schwiezerischer Bank Verein (SBV) in St. Moritz held in the name of Fred Meuser, then Lockheed's European sales director. The journal quotes Mr. Meuser as saying that "he never passed a penny to these gentlemen."

"How the F-104 was sold," Page 5

Beswick for State aircraft post

BY JOHN BOURNE, LOBBY EDITOR

LORD BESWICK, 64-year-old Minister of State for Industry and deputy Leader of the Lords, is to become chairman of the Board of British Aerospace when the aircraft industry is nationalised next year.

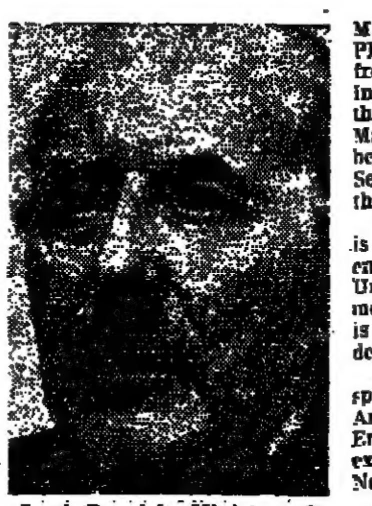
He is to act in the meantime as chairman of the organising committee to work out the structure of the Board and has resigned his Government posts.

The move comes as part of a minor, but unexpected Government reshuffle announced yesterday by Mr. Wilson in which Lord Balogh, the economist, resigned as Minister of State for Energy "on reaching the age of 70."

The decision to make Lord Beswick the aerospace chairman *was immediately attacked* by Mr. Michael Heseltine, the "shadow" Industry Secretary. It was a "wholly inadequate appointment," he said.

"The Government has announced that one of its junior Ministers in the House of Lords is to assume the task that demands the energy, experience and talents of one of Britain's best industrialists.

"Lord Beswick has not held an executive position in industry of any sort. He has, after a long and I have no doubt conscientious political career at the age of 64 reached the position of Minister of State.



Lord Beswick, Minister of State for Industry: "conscientious political career."

"We are now asked to believe that this represents an adequate alternative to the guiding influence of Lord Robens, Sir Arnold Hall and Sir Arnold Weinstock, and the managing skills of Sir George Edwards and Sir John Lidbury."

Lord Goronwy-Roberts, junior Minister at the Foreign Office, is promoted to Minister of State there and will succeed Lord Beswick as the deputy leader in the House of Lords.

Other promotions include two of Mr. Wilson's favoured MPs. Mr. Gerald Kaufman, a former PPS to the Prime Minister, goes from Parliamentary Secretary at Industry to Minister of State at the department. Mr. Kenneth Marks, Mr. Wilson's present PPS, becomes Parliamentary Under-Secretary at the Department of the Environment.

Lord Balogh's post at Industry is taken by Mr. John Smith, who entered Parliament in 1970. Until yesterday he was Parliamentary Secretary at Energy and is regarded as a highly skilled debater and and an able Minister.

Like Lord Balogh he will have special responsibility under Mr. Anthony Wedgwood Benn, the Energy Secretary, for the execution of the Government's North Sea oil policy.

His old post is filled by Lord Lovell-Davis, whose place as a Government Whip in the Lords is taken by Baroness Stedman.

Mr. Neil Carmichael, formerly Parliamentary Secretary at Environment, succeeds Mr. Kaufman as Parliamentary Secretary at Industry.

The final change is the appointment of Lord Melchett as an additional Parliamentary Secretary in the same department.

Mr. John Tomlinson, who became MP for Meriden only

Air industry managers slow to join State body, Back Page

Continued on Back Page

Shore reviews export scheme

By Nicholas Leslie

POSSIBLE changes in the Government's cost escalation insurance scheme for exporters of capital goods appeared in sight yesterday, following the dis*closure* by Mr. Peter Shore, Trade Secretary, that the Government is reviewing the scheme, introduced in February.

There has been strong pressure on the Government to amend the insurance scheme, particularly from the Confederation of British Industry, since it was found that the scheme was proving of no significant value to exporters.

The CBI last night welcomed *the review. "We hope it will* arrive at the changes we want," a spokesman said.

Mr. Shore, addressing the Metallurgical Plantmakers' Federation, said that there was evidence that British exporters were being prevented from winning export business—and even deterred from going after it—by the difficulty of estimating forward costs.

It was a particular problem for exporters of capital goods. They found it difficult to estimate costs over lengthy contract periods, but operated in a world where overseas buyers expected fixed prices or were willing to make only small allowances for cost escalation.

Mr. Shore was aware of the problems, but made it clear that there were public spending constraints. Moreover, there were limits beyond which it was not economically sensible to go on supporting contracts in this way.

Experience

"Nevertheless, I hope that you will find some encouragement in the fact that we are now reviewing the application of the scheme, in the light of experience and of the various representations which have been made."

The basic problem which industry has found with the scheme — administered through the Export Credits Guarantee Department—is that the contractor has to bear a much higher rate of cost inflation than at first thought, before gaining protection.

For some industries—notably process plant, where very large contracts extend over five years or more—the upper limit on the scheme can leave companies exposed if inflation reaches high levels.

The CBI has pressed for a scheme with options. The scheme would operate earlier on smaller and shorter period contracts, but would also take effect at higher rates of inflation on very large contracts.

Tories split on Ulster tough line

BY JOHN HUNT

THE TORY PARTY at Westminster is now deeply divided over the increasingly tough line which its Front Bench spokesmen are taking against the Govern*ment's Northern Ireland policy.*

The divisions in the Conservative ranks became apparent in the Commons yesterday when Mr. Airey Neave, the party's "shadow" Northern Ireland Secretary, and Mr. John Biggs-Davison, another Front Bench spokesman, mounted their most ferocious attack to date on Mr. Merlyn Rees, Northern Ireland Secretary.

Mr. Neave again strongly criticised the continuing release of detainees and Mr. Biggs-Davison called on the Government to "liberate the oppressed people of South Armagh from the tyranny of terror."

But Mr. Rees rejected their demands and stood firm by his policy of releasing all detainees by Christmas.

He denied that the army was out-gunned in South Armagh or that there was any lack of co-*operation from the Irish Gardai* south of the Border.

Intervention

Then, in a surprise intervention from the Conservative benches, Mr. William Van Straubenzee (Con., Wokingham), who was Minister of State for Northern Ireland in the Heath Government, came to the support of Mr. Rees.

He assured him there was a much wider measure of support for his strategy on the Conservative benches than he might suppose.

Only the Secretary of State, he said, had the necessary knowledge to settle the question of the timing of the release of detainees.

The former Tory Minister then reminded his own Front Bench that the strategy Mr. Rees was following had its roots deep in preparations made by the *previous Tory Government.*

This was a reference to the fact that the Heath Government was already planning to bring detention to an end at the time it lost office in February, 1974.

Mr. Van Straubenzee pointed out that the release of detainees had been urged on the Tory Government by some of the toughest and most professional policemen in the Province, including one in South Armagh.

Concern

His intervention was intended to bring into the open the increasing concern felt by many Tory MPs at what they believe to be the "strident" note of the official Tory line on Northern Ireland.

The critics claim that only about one-third of the 276 Conservative MPs are firmly behind the official party line. Most of the remainder favour the ending of detention although they differ as to the speed at which it should be carried out.

Many believe this is the only method by which Mr. Rees stands a chance of getting the minority on to the side of the Government.

Giles Merritt writes: On Ulster Television Mr. Rees described the new Anti-Terror Bill before the Irish Parliament as "second best." The Bill provides for fugitive terrorists wanted in the U.K. to be tried in the Republic but Mr. Rees appeared unconvinced that it will lead to an era of improved cross-border co-operation. He said: "I would have preferred straight extradition."

Parliament, Page 14

FEATURES

Energy Prospects: Cold Comfort When the N. Sea Runs Dry ... 22
Politics To-day: Parliamentary Privilege and the Press ... 23
How the F 104 was sold ... 5
Finland's New Cabinet ... 7
Campaigning in Australia ... 8

FT SURVEYS
Poland ... 33-38
Swedish Construction ... 17-20

ON OTHER PAGES

Appointments	12	Leading Articles	22	Unit Trusts	41
Appointments Advts	15	Letters	23	Wall St. & Overseas	32
Arts	3	Lex	44	Weather	43
Bank Return	31	Lombard	2	Wine Sale	19
Base Lending Rates	40	Men and Matters	22	World Trade News	4
Businesses for Sale	14	Mining News	31	**ANNUAL STATEMENTS**	
Company News	24-26, 31	Money Market	40	Beltway Holdings	31
Crossword	2	Overseas News	5-8	Guildhall Property	31
Entertainment G'de	2	Parliament	14	Linread	25
Executive's World	21	Property	8, 28-31	London Shop Prop.	31
Farming and Raw Materials	39	Racing	2	"W" Ribbons Hldgs.	26
Food Prices	41	Saleroom	2	**INTERIM STATEMENTS**	
Foreign Exchanges	32	Share Information	42 & 43	Bulmer and Lumb	41
FT-Actuaries Indices	40	Stock Exch. Report	40	Coalite & Chemical	31
Home News	10 & 12	Tennis	13	Gt. Universal Sts.	11
Intl. Company News	27	The Technical Page	16	Haslemere Estates	31
Labour News	15	To-day's Events	23	Lafarge Grp. S.A.	26
		TV and Radio	2	Parkland Textile	31

For latest Share Index 'phone 01-246 8026

LOMBARD

Floating rates—moment of truth

BY C. GORDON TETHER

"ONE MAY say that, in the light of experience since 1973, the academic argument about the superiority of fixed or flexible rates—in which many besides academics have eagerly joined—has, temporarily at least, been fought to draw." So said Sir Jeremy Morse, deputy chairman of Lloyds Bank and former head of the IMF Committee which was supposed to be creating a practicable blueprint for international monetary reform but didn't, in his recent "Mercantile Credit Lecture" at *Reading University*.

I totally disagree. Exponents of the floating rates way of international currency life have been *very much on the defensive* battle ever since their dream became a reality after the collapse of dollar convertibility in 1971. And it is probably not going too far to say that the world would by now have demonstrated that it had finally rejected their gospels had it not been for one thing—the fact that, in the interim, Washington has been persuaded that keeping the floating system going would best suit the American purpose.

The advocacy

Most floating rates advocacy was originally based, it will be recalled, on three main propositions. The first was that they would ensure that the market values of currencies would be constantly and quietly adjusted to take account of changes in basic purchasing power relationships—thereby greatly assisting the smooth development of world trade.

The second was that they would help the international currency markets to ride out hot money upheavals, leaving less scope for the periodic monetary crises that began to plague the world in the 1960s. The third was that, in these and other ways, they would reduce the vulnerability of domestic economic situations to changes in countries' external payments circumstances.

It can hardly be denied that it is only under the second of these headings that the promised fruits have in any sense been reaped. And even this blessing can be shown to be of a highly dubious character. For had the fixed but adjustable parities system been retained, firm action would soon have had to be taken to halt the massive creation of hot money that lay *behind* the world's increasing addiction, from the early 1960s onwards, to international monetary upheavals.

As for the idea that a fully floating system would ensure that *currency* relationships changed more gradually and kept in closer touch with reality, the facts speak for themselves. During the past year there have been spectacular and frequent fluctuations in the rates of exchange between the dollar and the other main currencies, first one way and then the other—fluctuations that are completely inexplicable in terms of the behaviour of purchasing power parities.

And, needless to say, a situation wherein exchange rates were fluctuating wildly and—for the most part—irrationally has not been calculated to give national economic policies a greater *immunity from outside* pressures than they had under the old system.

In short, the switch to a floating rates regime has been anything but a success story. It is difficult to be precise about the part that it has played in precipitating the first major reversal in *the growth of world trade since* World War II because the worldwide recession will obviously not have been without effect here. But there is plenty of evidence that it has materially compounded the baleful influence of this factor.

U.S. interest

It has, of course, to be recognised that the orgy of national and international financial permissiveness for which the advent of floating rates is partly responsible has left us with such a turbulent *world monetary* situation that the clock cannot now be easily turned back. But that must not be allowed to obscure the fact that the theories of the floating rate hot gospellers are now in ruins.

Even the U.S. went a long way to tacitly recognising this when Washington recently agreed to support the idea of extended collaboration between central banks in preventing "excessive movements" in exchange rates. And, as I said at the start, it is pretty certain that the move back to a fixed but adjustable parities *system would have developed* much greater momentum by now if Washington had not, of late, become as firmly persuaded that floating was in the U.S. interest as it was that the fixed parities system served America's purpose best earlier on.

One can only hope that it will perceive before long that America's true interest will be served best by not obstructing a global return to monetary sanity.

SALEROOM BY ANTONY THORNCROFT

Bacon £65,000 best of day

THERE WAS action all the way in the London salerooms yesterday, with Sotheby's selling a Francis Bacon picture for *£65,000; Christie's disposing* of a half bottle of German wine, dated 1727 and belonging to Mr. Roy Hattersley, for £250; and Bonham's failing to find a buyer for Sir Walter Raleigh's presumed sea chest.

The main sale was a major French furniture auction at Christie's, which totalled £409,951. There was a packed saleroom with many private buyers from overseas and almost 90 per cent. of the lots sold at encouragingly high prices.

The best was the £31,500 for a Louis XVI tulipwood parquetry bureau a cylindre, made by Riesener. The price was above the pre-sale estimate. It had once been sold by a Lord Lucan at Christie's in 1889 for £714. Yesterday it derived from Lord Swinton's collection, *which* realised £192,420 in all. To date Christie's has brought in £823,205 from disposing of the contents of Swinton House.

Among the other high prices were £28,350 for a pair of Louis XVI ormolu and Chinese celadon urns, also from Swinton; £27,300 for a marquetry table made by Boudin around 1760; and £21,000 for a Louis XVI mahogany secretaire à abbattant, in the style of Riesener. The same price secured a transitional marquetry commode by Foullet and also another commode by the same maker.

The Christie's sale of oriental *miniatures, manuscripts* and Qajar paintings totalled £40,498, with a Qajar portrait of a prince on horseback killing a lion making £5,000, and an Islamic miniature of a naked coutesan £3,100.

The Sotheby's sale of contemporary art totalled £360,150, with the Francis Bacon dominating the proceedings. His Study for a Pope, a 1954 oil, a grotesque horror in purple, was bought by an anonymous buyer for £65,000 *below estimate but close* to the record for a Bacon.

David Hockney's The Sprinkler, painted in Los Angeles in 1967, was on target at £18,000, and a record for a work by the American artist Mark Tobey was set when Aquarella, a New York dealer, *paid £15,000 for Changing of the* Square a tempera on board of 1965.

Impressionist and modern paintings, drawings and watercolours, made £151,960 at Sotheby's, with a highest price of £6,000 for a Boudin *Marée basse à Saint-Vaast-La-Hougue*. The highest pre-sale estimate was for a Maria Blanchard oil, bought in at £5,500.

At Sotheby Parke Bernet in New York the first day of a sale of items from the estate of the late Mrs. Charles E. Dunlap went for £395,618, with a top price of £24,685, double the forecast, for a pair of Meissen bitterns made by Kandler around 1753.

In Chancery Lane the first day of a modern book and manuscript sale, which culminates to-day with the Dylan Thomas love letters, went for £9,172. A rare first edition of Tolkien's *Farmer Giles of Ham*, with a written dedication by the author to C. H. Wilkinson, sold for £185 as against the £50-£75 estimate.

At Bonhams the star item, which was believed to be Sir Walter Raleigh's sea chest, failed to reach its £1,750 reserve. Despite the documentary evidence that this was the very box, plus an unpublished poem in the explorer's hand, there was some scepticism, and no one in the saleroom was prepared to commit themselves.

RACING BY DOMINIC WIGAN

New home sought for National

A NEW track is being sought for the Grand National now that there is virtually no chance of staging next year's event at Aintree, in spite of the efforts of *several companies and individuals* keen to take over the course and race.

A committee set up by the *Jockey Club to look into the possibility* of running the National on an alternative track will hold its first meeting on Monday in London.

The committee, chaired by Captain Miles Gosling, includes Brigadier Sam Waller, the director-general of the Racecourse Association, Mr. Eric Barber, the chairman of the Levy Board Bookmakers' Committee, and Mr. Ken Allday, Jockey Club controller of programmes.

While the Jockey Club is considering a substitute race, it appears that the Joe Coral group still hopes to save *Aintree* for racing.

A spokesman for the bookmaking and leisure group has confirmed that it is interested in forming a consortium to buy the track.

Cyril Stein, chairman of bookmakers Ladbrokes—whose £1.5m. bid for the course was turned down by Mr. Bill Davies on behalf of the Walton Commercial Group four days ago—has confirmed that Ladbrokes has made *its last approach to Mr. Davies* and that "any new suggestions must come from him."

CHELTENHAM
12.45—No Defence
1.15—Mr. McMandy***
1.45—Vulgan's Fire*
2.20—Accord
2.55—Hurry Imp
3.22—Nadir

LINGFIELD
1.00—Merry Boy
1.30—Trust Vulgan
2.00—Aztec Star**
2.30—Sycamore
3.00—Le Robstan
3.30—Mannyboy

Aintree, bought by the Walton Group in 1973 for £3m., is reportedly costing Mr. Davies' group about £600,000 a year in interest on money borrowed.

Mr. Davies, who had presumably expected to get planning permission for development of part of the course when he bought the 260-acre site, might do best to cut his losses and get out now, while *there are some* offers in the air.

Turning to to-day's racing, two meetings are set down—Cheltenham and Lingfield.

The most interesting event of the afternoon is Cheltenham's Tony Teacher Chase (1.45) in which Late Night Extra and Vulgan's Fire meet on level terms.

Late Night Extra, a winner at Kempton and Ascot on his opening *two runs this term, put up a* lack-lustre display when going down to Royal Thrust at Worcester last time out. I believe it could pay backers to row in with Fred Rimmell's course winner, *Vulgan's Fire.*

A second likely winner for Rimmell is *Mr. McMandy*, who goes for Division 1 of the Bristol Long Distance Novices' Hurdle (1.15).

● *On a reasonably busy day's* trading at Tattersall's December sales at Park Paddocks yesterday, this year's One Thousand Guineas winner, Nocturnal Spree was knocked down to agent, George Blackwell, for 96,000 gns.—a figure above that expected by many.

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CINEMAS ARE CONTINUED ON PAGE 39

TV/Radio

† Indicates programme in black and white.

BBC 1

9.30 a.m. For Schools, Colleges. 12.25 p.m. Dechrau Canu Dechrau Canmol. 12.55 News. 1.00 Pebble Mill. 1.45 Chigley. 2.02 For Schools, Colleges. 3.58 Regional News (except London). 4.00 Play School. 4.25 It's the Wolf. 4.35 Jackanory. 4.50 Boss Cat. 5.15 Fabulous Animals. 5.40 Magic Roundabout.
5.45 News.
6.00 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.15 The Wonderful World of Disney.
8.00 Sykes.
8.30 The Good Life.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 News.
9.35 Switch.
10.25 To-night.
10.55 Film '75.
11.25 Weather/Regional News.
†11.27 "Viva Zapata!" starring Marlon Brando.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Pili Pala. 6.00-7.05 Wales To-day. 7.05-7.30 Heddiw. 7.30-8.00 Fo a Fe. 8.00-8.30 The Max Boyce Show. 10.55-11.25 India. 11.25-11.27 News of Wales.

Scotland—10.23-10.43 a.m. and 11.00-11.20 For Schools in Scotland. 6.00-7.05 p.m. Reporting Scotland. 11.25-11.27 Scottish News Summary.

Northern Ireland—3.55-4.00 p.m. Northern Ireland News. 6.00-7.05 p.m. Scene Around Six. 10.55-11.25 *James Galway plays with the* Northern Ireland Orchestra. 11.25-11.27 Northern Ireland News.

England—6.00-7.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 10.55-11.25 North (from Leeds) A View of Witham; North-West (from Manchester) Country Concerns; North-East (from Newcastle) Sounds Like; Midlands (from Birmingham) Off the Cuff; West (from Bristol) Waugh Talk; South-West (from Plymouth) Peninsula; *South (from Southampton)* Chichester; East (from Norwich) On Camera.

BBC 2

11.00 a.m. Play School.
1.00 p.m. Racing from Cheltenham.
7.05 Mr. Smith's Gardening Programme.
7.29 Weather.
7.30 Newsday.
7.50 Pot Black.
8.15 The Money Programme: International Money Mart.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 Poems and Pints.
9.35 *Spirit of the Age.*
10.25 Trinity Tales.
11.15 Newsnight.
11.20 Closedown: David Davis reads "The Music Makers" by Arthur O'Shaughnessy.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 *p.m. Pipkins.* 12.30 Look Who's Talking. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.30 Galloping Gourmet. 3.00 Theatre of Stars. 3.55 General Hospital. 4.20 Pop Quest. 4.50 Magpie. 5.20 The Flintstones.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.05 Who Do You Do?
7.30 Rising Damp.
8.00 Hawaii Five-O.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 Beryl's Lot.
10.10 News.
10.45 Russell Harty.
11.35 Police Five.
11.40 Police Woman.
12.30 a.m. Sin '75.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.30 Friday Afternoon Film: "The Young Lawyers." starring Keenan Wynn. 5.20 University Challenge. 6.00 About Anglia. 7.00 Hogan's Heroes. 8.00 The Collaborators. 10.40 Probe. 11.10 The Friday Late Film: "Sweet, Sweet, Rachel." 12.35 a.m. Men Who Matter.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 2.30 Feature Film: "The Girl Most Likely To . . ." 5.20 Supersonic. 6.00 ATV Today. 7.00 Don't Drink the Water. 8.00 Streets of San Francisco. 10.40 Extra Time. †11.10 Feature Film: "Vicki." starring Jeanne Crain.

CHANNEL

1.00 p.m. Jersey Election for Deputies: Hustings. 1.20 Channel Lunchtime News. What's On Where. 2.30 The Friday Matinee: "Slaves of Babylon." 5.20 Adventures in Rainbow Country. 6.00 *Report At Six. 7.00 Treasure Hunt.* 8.00 The Streets of San Francisco. 9.00 Life In France. 10.40 The Master Chefs. 11.00 Vision U.S.A. 11.30 The Adventurer. 11.55 News and weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.30 *Friday Matinee:* "Ring of Fire." 5.20 University Challenge. 6.00 Grampian Today. 7.00 Don't Drink the Water. 8.00 Barnaby Jones. 10.40 T.V. Movie. McCloud, followed by Road Report. 11.55 Evening Prayers.

GRANADA

1.20 p.m. This is Your Right. †2.30 Friday Matinee, Margaret Rutherford in "Murder at the Gallop." †5.15 Chucklehead. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Space 1999. 8.00 The Streets of San Francisco. 10.40 Kick Off. †11.15 The Late Film. Laurence Harvey and Sarah Miles in "The Ceremony." †1.10 a.m. Douglas Fairbanks Presents.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.30 Friday Matinee: "Trouble Comes To Town" starring Lloyd Bridges. 5.20 Orbit 3. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 Space 1999. 10.40 Free Time. 11.10 Boney.

HTV CYMRU/WALES—As HTV General Service, except 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.50 Stesion Cantamil. 6.01-6.18 Y Dydd. 10.40 John Morgan on Who Runs Wales? 11.10 Two's Company.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. †2.30 The Friday Matinee—Korda Classics: "21 Days." starring Vivien Leigh and Laurence Olivier. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 59 and 60). 6.00 Scene South East (Channels 10, 41, 64 and 66 only). 6.35 Out of Town. 7.05 *And Mother Makes Five.* 10.40 Southern Report. 11.10 The Streets of San Francisco. 12.05 a.m. Southern News Extra.

WESTWARD

12.25 p.m. Gus Honeybun's birthdays. 1.20 *Westward News Headlines.* 2.30 The Friday Matinee: "Slaves Of Babylon," starring Richard Conte. 5.20 Way. 6.00 Westward Diary and Sports Desk. 7.00 Treasure Hunt. 8.00 The Streets of San Francisco. 10.42 *Westward Late News. 10.45 Late With Banton.* 11.00 Westward Darts Championships. 11.30 The Adventurer. 11.55 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 2.30 Chopper One. 3.00 Houseparty. 3.25 Farmhouse Kitchen. 5.20 University Challenge. 6.00 Calendar. 7.00 And Mother Makes Five. 10.40 Calendar Sport. 11.00 The Avengers.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko's Round Table. 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Contact. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Contact. 9.02-11.30 Harry Carpenter's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1,500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 A Question of Fun. 7.30 Ronnie Aldrich concert (S). 8.30 As You Were (S). 9.02 *Friday Night is Music Night* (S). 10.02 Time For Old Time at the Radio 2 Ballroom (S). 11.02 Sports Desk (1,500m only, also 202m Scotland. VHF joins Radio 1). 11.05 Len Jackson (1,500m only, also 202m Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

† Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Chopin (S). 9.55 Northern Concert Orchestra (S). 10.40 Bruno Prix Musical 1974: BBC's winning entry "The English Renascence" (S). 11.40 Unaccompanied ... part 2: Mendelssohn (S). 2.05 "La Sonnambula," opera in two acts, music by Bellini, Act 1 (S). 3.25 Interval Reading. 3.30 "La Sonnambula," Act 2. *4.20 Reiko Matsuzaki*, piano recital (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Leisure and Recreation. 7.30 Czech Philharmonic Orchestra, part 1: Smetana, *Shostakovich* (S). 8.10 Rainer Maria Rilke. 8.30 Concert, part 2: Tchaikovsky (S). 9.20 Music Now. 10.00 Music From Pebble Mill, part 1: Butterworth (S). 10.35 Interval Reading. 10.40 Music From Pebble Mill, part 2: William Alwyn, Wolf. 11.25-11.30 News.

Radio 3 VHF only—6.10-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today: 7.27 Sportsdesk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today: 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People: (from 9.30). †10.00 News. †10.05 Checkpoint. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Richard Dimbleby 1913-1965. †11.50 Golden Voices. 12.00 News. 12.02 p.m. You and Yours. 12.27 Petticoat Line. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Manchester (from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 ... Regional News. 5.55 Weather, programme news. 6.0 News. 6.15 Top of the Form. 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the Week. 8.30 Any Questions? *9.15 Letter from America.* 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 Week Ending. 11.40 News.

For Schools (VHF only) 9.30 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. *As Radio 2.* 6.30 *Rush Hour.* 9.00 Downtown. 11.03 In Town. 12.03 p.m. Call In, including 12.05 London News Desk. 2.03 206 Showcase. 3.05 The London Gardener. 4.03 Lobby. 4.32 Home Run, including 5.00 and 6.00 London News Desk. 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 Black Londoners. 10.03 Single File. 12.00-12.05 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

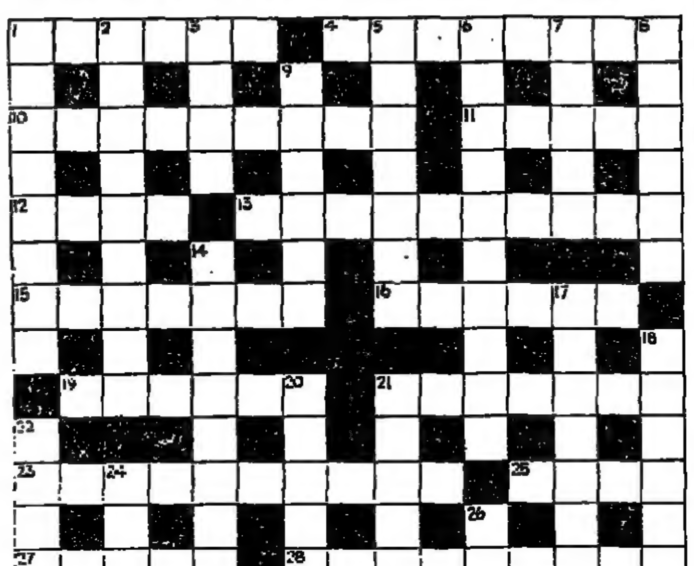
5.00 a.m. Morning Music. 6.00 "AM" breakfast-time show. 10.00 George Gale—talking to London. 12.00 Newswatch. 2.00 p.m. Newswatch—second edition. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 *Adrian Love.* 1.00-5.30 a.m. Nightwatch (news every half-hour).

Capital Radio

194m and 95.8 VHF

6.30 a.m. The *Breakfast Show.* 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (rock show). 11.00 Tony Myatt's Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,948



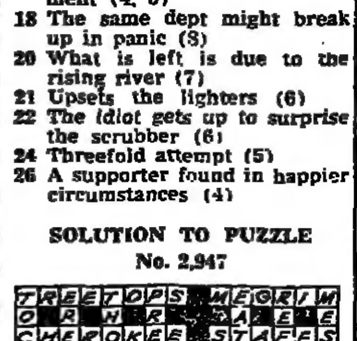
ACROSS

1 Dominion of a politician in Ireland (6)
4 *Forecasts a long time in Fleet* Street (8)
10 "Sagacious, bold, and —— of wit" (Dryden) (9)
11 Separately at about face value (5)
12 Not at home, but the killer makes it with his victim (4)
13 Expresses sympathy more than once in that place (5, 5)
15 Bingo is just nothing to him (7)
16 To make a casual visit to the ocean is infinitesimal (4, 2)
19 All dressed up and ready to drive off (2, 4)
21 Undergarment that suits the bachelor to a T (7)
23 One with dimness in the eye is full of hope (10)
25 There can be much difference in a friend (4)
27 Tommy turns up in Germany (5)
28 "Himself the primrose path of —— treads" (Hamlet) (9)
29 Sacred greeting to the Benedict (8)
30 There is *nothing* in the bottle for the castaway (6)

DOWN

1 Charm your way in (8)
2 Left a Northern Irish county town (9)
3 Defeat for the party (4)
5 No longer in business the Russian is about to become bored (7)
6 Square One in Devon (5, 5)
7 Amazing girl gets the horse to run (5)
8 *The model we should not miss* (6)
9 To catch her is comparatively low (6)
14 A voice to bury in musical entr'acte (10)
17 Workers on strike, ripe, we are told, for devilish employment (4, 5)
18 The same dept might break up in panic (8)
20 What is left is due to the rising river (7)
21 Upsets the lighters (6)
22 The *idiot* gets up to surprise the scrubber (6)
24 Threefold attempt (5)
26 A supporter found in happier circumstances (4)

SOLUTION TO PUZZLE No. 2,947



هكذا من الأصل

Cinema

Gay's the word by NIGEL ANDREWS

ox (X) Gate
ooster Cogburn (U) Empire
ational Film School National Film Theatre

One advantage of being a rolific film-maker is that if idiences didn't enjoy your last im they never have to wait very ng for the next one. Rainer erner Fassbinder is the infant rodigy of European cinema: 29 ears old, he already has some) feature films to his credit, id it is a hard task for even voracious a consumer of his ims as the Gate Cinema in otting Hill to keep up with his itput. The last Fassbinder seen this address, *The Merchant of our Seasons*, was not as popular ith audiences as its predeces- rs—*Fear Eats the Soul* and *etra von Kant*—but Londoners in already make up for their isappointment with the new assbinder. *Fox* is one of three lms he has made this year— ich has had a showing at the ondon film festival—and it con- rms Fassbinder as one of the ost fascinating talents around: ie nearest thing to a true primi- ve that the modern cinema has offer.

No other living director has ich a magically simple approach story-telling. Like many of ie European film-makers who ave surfaced since 1960, Fass- nder draws much of his inspira- on from Hollywood. His films se the lurid colours, the simpli- ed emotions, the bold, frozen ses of a 1950s American melo- rama. But the simplicities are eceptive. Like all great primi- ives, Fassbinder's individuality sserts itself through his iucheries of style. The films metimes seem like painting-by- umbers—bright daubs of drama id emotion — but Fassbinder nows to every detail what he ants to do, and he succeeds in most every detail, in bringing off.

There are more "almost" in ox than in some of his other ims. The film doesn't quite fuse s acidly detailed picture of omosexual high society with its spirations toward a larger poli- cal allegory. And the multi- idinous cast of supporting iaracters Fassbinder has used flesh out peripheral scenes (in fairgrounds, gay bars, Moroccan hotels) seem there less for any cogent dramatic reasons than to provide work for the ever-pro- liferating members of the director's repertory troupe.

Fox remains nonetheless one of Fassbinder's richest films. The director himself plays the main character, a former fairground artist ("Fox — The Talking Head") who wins 500,000 marks on a lottery ticket and promptly gets taken up by a well-bred young dilettante (Peter Chatel) with more interest in his lover's money than his looks. Playing the latter's proletarian innocence for all it is worth, he gradually milks him of his entire fortune: 200,000 marks to bail out his father's printing works, a like sum to buy and furnish a luxuri- ously tasteless apartment (then signed over to Chatel). Finally, *our hero is kicked out of the* charmed circle he never truly wished to join, and left to die (by his own hand) in a bleak and deserted subway station.

That the story's wheel of fortune will come full circle is never much in doubt: if we needed a prophetic image for the hero's rise and fall Fassbinder provides it early on in a lingering shot of the fairground ferris wheel. But the film is never weighed down by tragic inevit- ability. The central scenes are enlivened by Fassbinder's acidly funny view of homosexual life: of the egotism and insecurity, the eternal, petty power struggles of gay relationships. Scenes of cosy domesticity alternate with scenes of bickering restlessness, and the hero's death in a setting that seems an architectural blend of mortuary and public toilet is a mordantly apt coda to a story of doomed homosexual life and love.

The two main characters, furthermore, are a perfect com- pliment to each other: the sultry, bewildered leather boy (Fass- binder's crew-cut head and chunky body make him look like a refugee from a cubist paint- ing), and the cool, willowy, boutique-dressed dandy. The political parable the film implies in their relationship—archetypal proletarian exploited and dis- carded by architypal bourgeois —seems to me less successful. Precisely because they are so richly detailed as individuals, the characters function less well as archetypes, and the film falters whenever it tries to write its tragic fable large. But it's a small quibble: and even an im- perfect Fassbinder movie is *worth three or four films by most* other directors.

★

It's worth five *Rooster Cog- burns.* This meandering, geriatric Western stars John Wayne and Katharine Hepburn as two old-timers who band together to *pursue a gang of* outlaws. The said outlaws have stolen a shipment of nitro- glycerin from a U.S. cavalry escort, and John Wayne is brought out of retirement to pursue the culprits and "bring them back alive." Miss Hepburn is a missionary's daughter who joins him in the pursuit after her father has been shot by one of the outlaws.

Substitute Bogart for Wayne, and Africa for Arkansas, and you have a faithful facsimile of *The African Queen.* Or rather you don't, for director Stuart Millar is no John Huston, and screenwriter Martin Julien (a composite pseudnym for several contributing writers, in- cluding the film's producer Hal Wallis) is no James Agee. The film attempts the same mixture *of folksy cross-talk and stirring* action sequences (there is even a perilous journey through rapids), but Wayne and Hep- burn's relationship is hopelessly flimsy and overplayed, and the action scenes are immeasurably inferior to those of the earlier movie.

This is the kind of film in which great Hollywood stars are put out to graze: one that obviously started with a good idea—the matching of two *spirited and eccentric players in* a picturesque setting—but never found the energy to go beyond it. To the film's further dis- tress, it is shot in a muddy, anaemic Technicolor which ren- ders virtually worthless the much-vaunted location shooting in Deschutes National Park. (One of the distinguishing fea- tures of the film's predecessor, *True Grit*, was its glowing colour photography). Wayne and Hepburn may be past their prime as movie stars, but they still deserve better and more durable vehicles than this.

★

The second annual programme of students' work from the National Film School is on show at the National Film Theatre from December 10. Both tech- nically and imaginatively it is an immense improvement on the first. There is no sense, as before, of watching a series of talented school "exercises"; pro- ficient, intelligent, unadven- turous pieces by students who *had learned all the rules, but* not yet what to do with them, or how, when necessary, to break them. None of the films I saw at this year's Press show looked as if it had been undertaken as a chore. Each had attack and individuality: each was tech- nically of a high standard: and each should serve as a good advertisement of his work for the student trying to get his foot in the unwelcoming door of the British film industry.

Particularly noteworthy are Alf Bower's *Paolo*, a delightful mediaeval impromptu inspired by a poem about the painter Uccello; George Haggerty's *Ham- burger Hamlet*, a meditation on illusion with contributions from Shakespeare, Stacy, Keach and Jose-Luis Borges; Antonia Caccia's *The Big K*, a skilful, sympathetic documentary about miners; Peter Cornish's *Free- domland*, a glimpse at life in an English holiday camp; and *Journey Out Of Hell*, Robert Wynne Simmons's sensitive and atmospheric film about the poet John Clare. The season begins at the NFT next Wednesday and lasts until December 13th.

★

If you are a film lover looking for a worthy cause, you could find no more deserving suppliant at the present time than The Other Cinema. They need £50,000 to rent, re-fit and open to the public (with luck by next February) their first permanent cinema. The property has already been found—the Scala theatre in Charlotte Street—and all that is required now is the capital to finance it.

The Other Cinema is a distri- bution company which has hitherto led a nomadic existence wandering from cinema to cinema in search of places to show their wares. It now has a chance to settle at a fixed abode, and establish the kind of "alter- native" repertory film theatre that London has so long needed and so long lacked.

The Other Cinema's record is impressive. Since their incep- tion in 1970, they have bought the British distribution rights to over 170 films: among them such works as *Le Gai Savoir*, *The Battle For Algiers*, *Themroc*, *Asylum*, *Tout Va Bien* and *Black Holiday*. The directors on their catalogue include Godard, Straub, Herzog, Sembene, Frederick Wiseman, Glauber Rocha and Stephen Dwoskin.

Since many of these films are avowedly uncommercial, The Other Cinema has depended to a large degree on subsidy and sub- scription. By opening their own cinema they hope to reduce this dependence, and to create a place where audiences can both see the films and join in discussions with film-makers, critics, teachers and distributors. The Other Cinema already has a loyal following— for two years their Sunday shows at the Collegiate have averaged 300 people. Their aim now, in their own words, is "to extend that audience beyond the privi- leged patrons of 'art' cinema, and to build a 'popular' cinema which begins to relate to people's need to understand and change our society."

Rainer Werner Fassbinder and Christine Mayback in 'Fox'

Festival Hall

Lutoslawski by RONALD CRICHTON

Witold Lutoslawski is a wel- come visitor from Poland, not only for the way he exemplifies his country's razor-edge position in the cultural and political worlds (not, one need hardly say, a recent development) but for the intrinsic value of his music, so intelligently and elegantly conceived and executed. He might easily appear as an isolated, lonely figure. But even when it is tinged with anger or sadness there is something soci- able about his work. It is as free of self-pity or compulsion to martyrdom as it is from *obscurity or deviousness*. There is, and not only in the fairly familiar *Jeux vénitiens*, a feel- ing of games of skill, fairly dangerous games where a clumsy step might lead to uncomfort- able results.

The Venetian piece was not included in the half of Wednes- day's BBC concert allotted to Lutoslawski. Instead we heard two major works, neither of them new, each deserving more frequent performance. *The Three Poems of Henri Michaux* for choir and orchestra are short, but with their fine-eared craftsmanship and precise shaping (precision extending to *subtle shades of vocal and instru-* mental colour) they make a sizeable impression.

Two conductors are needed: at this performance the com- poser was in charge of the BBC Singers, while John Poole, who trains them, directed a section of their orchestral colleagues. From the middle of the hall there was not quite enough edge on the violence of the second poem ("Le Grand Combat," for which Paul Griffiths has done a virtuoso English version) but the imaginative quality of the setting was not seriously blurred.

The composer (alone, this time) also conducted his Cello Concerto, with the Austrian, Heinrich Schiff, performing with wit, charm and remarkable dexterity the brilliant solo part written for Rostropovich. The concerto is beautifully made, with ideas sometimes more fascinating in description than in performance—an example is the cello's climb, descent, and renewed ascent in the "Cantilena" movement, which to me promised more than it achieved. There is a suspicion of whimsicality, as if the Pierrot of Debussy's Cello Sonata had grown up into a knowing kind of entertainer, but the address with which it is all carried off is certainly attractive.

After a second interval (the platform had to be re-arranged after the choral piece) Sir Adrian Boult took over for Walton's First Symphony—not an obvious choice for a con- ductor of his years. As so often he belied his age. This was not a high-voltage reading, nor was the playing of the BBC so impec- cably tidy, yet much that was worth while emerged, including another example of Boult's appar- ently indestructible ability to set and maintain a fast scherzo tempo. He kept the big guns and highlights in reserve for the finale, treating it as the crown of the work and for the most part convincing us that it is so. And though there was plenty of energy for the fugues, there was still more to come for the very end.

Denholm Elliott and Clive Francis—Raffles and Bunny in Graham Greene's 'The Return of A. J. Raffles,' which opened last night at the Aldwych.

Round House

Moving Being by B. A. YOUNG

For years Anais Nin, daughter of the Spanish composer Joaquin Nin, has been keeping an enor- mous diary. The first 150 volumes of it, suitably truncated, have been published, and Moving Being's multi- medium production *The Journal of Anais Nin* has been con- structed out of it by Geoff Moore.

Miss Nin's thoughts, and those of sundry people she has written about, are interpreted in dance, mime, acting, reading, music and film, sometimes all at once. Though I see how much labour has been put in on its construc- tion, three barriers fall between the work and my enjoyment of it.

The first is the fragmentation of my attention. I can mentally consolidate a reading from *Swann's Way*, an extract from Ravel's violin sonata, tennis mimed on the stage and tennis shown on the screen. I can't do the sa... for a girl saying (quot- ing?) "To you the sexual act is everything" on one side of the stage, simulated cunnilingus on the other, the "*Pie Jesu*" from Fauré's *Requiem* on the tape and an image of cathedral candles. To make things harder, most scenes last only a few minutes. The result is not point- illisme, it is confusion.

My second difficulty is with Miss Nin's *pensées*, which seem to me trivial and predictable, and self-absorbed to an almost psychopathic extent. Perhaps if I could have heard her voice on the tape more clearly I should have felt less indifferent to her.

And this brings me to my third point, that—perhaps because of the size of the theatre —I found most of the speech inaudible. The theatre is not the only culprit, though: some- times it's the accompanying music and babble. The projec- tions are rather dim and flickery, too.

Purcell Room

Omega Guitar Quartet by MAX LOPPERT

Four guitarists, led by Gilbert Biberian, have formed the Omega Quartet; on Wednesday they gave a recital—well atten- ded with an appreciative audience (how popular the guitar is!)—in which the programme promised interesting novelty and delivered mostly dullness. There were two new works on the bill: the first, a piece of "Music Theatre," in- volving processions, masks, flow- ing robes, much declaiming of poetic snippets, "significant" nibbles at the guitars, and a general air of dressing-up and cant, was *Persona*, by John Lambert. The second was music- ally more craftsmanlike: a Guitar Quartet (1975) by Roger Williams, which examined all the kinds of texture, from whisper to buzz, that four guitars can produce, in three short, tidy, unmemorable movements.

The limp effect these works produced was not offset by memory of Mr. Biberian's open- ing *Intavolatura*, after Tobias Hume—five attractive lute move- ments given without any verve or rhythmic bounce, and with fluffs and string-squeaks un- expectedly in evidence. (Guitars, in common with other plucked- string instruments, sound well in the Purcell Room; so the rather mousy tone cannot be blamed on the hall, as most things usually can.) After the interval, in three preludes and fugues from the second book of Bach's *48*, there was *still an* insufficiency of dash, though in the fugues one could take pleasure in watching the contra- puntal marvels thus picked out and highlighted. Only the finale, four-guitar arrangements of eight little Stravinsky pieces— ebullient, delightful miniatures such as he *alone is master of* in our century—brought some- thing of the precision crossed with pleasurably communicative delivery one was hungering for all evening.

Greenwich Theatre

Krapp's Last Tape by MICHAEL COVENEY

Max Wall's straight acting areer continues with a truly narvellous performance of eckett's duologue for Krapp and he tape-recorded Krapp of 40 ears ago. It is impossible as lways to do any sort of descrip- ive justice to Beckett's tantalis- ng prose; on this occasion, all he descriptive justice is supplied y Mr. Wall himself, proffering is aching, beautiful visage to he painful evidence of a yearn- ng on a park bench, of silence, f the repetitive remembrance of hysical contact on water in a andom year.

The director is Patrick Magee, ho himself first played the part n this country in 1958. He has ncouraged Mr. Wall to act the cript and stage instructions with devastating precision. The npeeling of the bananas, the hort-sighted scrutiny of a brown nvelope and a large pocket atch—all is executed with entle, inimitable physical skill. nd the lugubrious contribution f the music-hall artist is wholly elightful: at the news of mother ying after her long viduity, the achine receives a balefully un- omprehending stare from its perator before he scuttles off o bring on a large dictionary. rapp is twice stymied by viduity" before taking action, nd each time the confusion is nagical.

There is much in the play hat benefits from Mr. Wall's amiliar rhythms of delivery: the lorious pleasure he takes while evelling in the word "spool," rms splayed and grin immeasur- ible, releases the image of Professor Wallofski angrily and vith difficulty demanding his stool." And then, near the nd, we suddenly hear of a mall, literary achievement: "Seventeen copies sold, of which 1 at trade price to free circulat- ng libraries beyond the seas." Pause, before head cocks in a esture of ludicrous self- deprecation: "Getting known."

Perhaps most brilliant of all, though, is the simple flicker in Mr. Wall's eyes (so simple that it may be the product of my own imagination) as he listens to his past voice state that, perhaps, his best years are gone and that he wouldn't want them back. In half a second, I saw in Krapp's eyes panic, doubt, a howl of pro- test, resignation. Here is great acting and no mistake. I am convinced that Mr. Wall might have been born to play this part.

The play is preceded by an hour-long piece by John Hale, *In Memory of . . . Carmen Miranda*. A middle-aged play- wright prepares for an interview with a trendy producer. His garrulous agent pesters him on the telephone, assuring him when he returns from the interview that she knew the producer *would not like the play*, but thought that by sending him she might save her client from suicidal despair. The play is in praise of the British Soldier (the character's son is a Belfast victim) and impresses as a feeble excuse for Mr. Hale to hang a *few* socks at allegedly revolu- tionary artists who are *suckled* by the milch cow of contem- porary meritocratic expression, the Arts Council. I detect an unpleasant, strident tone in the writing, and Ewan Hooper per- forms the piece with conviction. Do not be fooled by the title; there are no bananas in this one. Well, not literally, anyway.

Elizabeth Hall

Vienna Capella Academica

As the performing of 17th and 18th century music on appro- *priate instruments snowballs, we* do well to remember this small Viennese ensemble, which cele- brates its tenth anniversary this year and on Wednesday packed the Elizabeth Hall. The group has obviously changed since the violinist Eduard Melkus started it all, and made those early, important Archive records. Lionel Salter still plays the harp- sichord, but now the supporting players are evidently young and technically honed; indeed, Mr. Melkus has found a young violinist, Spiros Rantos, who out- shines paterfamilias in nuance and perception, and is used as soloist on occasion. Not that Melkus himself was quite the Heifetz of Schloss Ambras, the summer school at Innsbruck, where Melkus leads what I gather to be the best early music course in Europe. Like Neville Marriner, of the St. Martin's Academy, Melkus is a better director and style-setter than solo player. *His playing is* melodically uninteresting, and passage-work sometimes gets rushed. On Wednesday he closed the programme with Haydn's C major concerto. Florid bravura and a simple, soulful slow move- ment: both could have sounded a little less plain.

But the programme was interesting. It paired concertos and two solo cantatas. Nigel *Rogers, in slightly tired voice,* sang Handel's *Look down, harmonious saint*. This is one of his St. Cecilia settings, and short as such cantatas go, with pleasant recitative, two decora- tive arias, and the habitual busy vocalising for words like "trembling."

Clerambault's cantata *Leandre et Hero* proved as virtuosic: roughly the same scale and length but far more sectional and varied, and different in rhythm; splendid pictorial episode for poor Leander's stormy drowning in a swirling *strepitoso* (naughty not to give text, translation or even pre- cis!). The cantata is far more theatrical than one would imagine from Clerambault's key- board music; an earlier stage in a forgotten genre that later in- cluded Berlioz's *Cleopatre*.

Most interesting of the other concertos was Bach's BWV 1060, played in D minor by Melkus and the oboist, Helmut Hucke. It's difficult to blend the sweet, lyrical quality of 18th century violins (played here with light vibrato and soft, even bowing) with the slight chiff of the baroque oboe. The two soloists married only moderately well.

GILLIAN WIDDICOMBE

Arts news in brief

Malcolm Arnold has been com- missioned by Commercial Union Assurance to compose a concerto for the London Philharmonic Orchestra to mark their U.S. tour in November, 1976, part of the Bicentennial celebrations.

The tour will be conducted throughout by the orchestra's principal conductor and artistic director, Bernard Haitink. It will last 23 days and comprise 15 concerts, including the five principal music centres — Chicago, Washington, New York, Philadelphia and Boston. It will be be given £30,000 sponsorship by Commercial Union and be known as the Commercial Union London Philharmonic Orchestra Bicentennial Tour.

★

The work of Buzz Goodbody, the first artistic director of The Other Place, Stratford-upon- Avon, who died earlier this year, will be celebrated in an enter- tainment at the Aldwych Theatre on Sunday, December 7.

Many actors, musicians and directors who worked with her during her years at the RSC will contribute to a varied evening of words and music.

★

The principal conductor of the New Philharmonia Orchestra, Riccardo Muti, has been appointed principal guest con- ductor with the Philadelphia Orchestra.

WORLD TRADE NEWS

Freight war on India-U.S. routes likely

BY K. K. SHARMA

NEW DELHI, Dec. 4.

A MAJOR "freight war" is expected from December 8 between the West Coast of India-Pakistan-U.S. Shipping Conference and two Indian shipping companies whose resignation from membership of the conference becomes effective on that date.

The companies are Shipping Corporation of India and Scindia Steam Navigation. Both will quote freight rates from Indian ports to the Western and Eastern coasts of the American continents that are around 17 per cent. lower than conference levels. The rates are in process of being filed with the U.S. Federal Maritime Commission.

Shipping circles here expect the two Indian companies actions to benefit both exporters and imports not only in India but in other countries, notably the U.S. Indications are that many foreign shipping lines are already attracting good freight rates from Indian shippers by making unannounced payments, and from December 8 those arrangements are expected to increase because of the lower freight rates offered by them.

Both companies, which have not paid much attention to cargoes from Bombay, are now gearing themselves to increase operations from that port. Depending on the response from Indian shippers, the two companies plan to increase the number of sailings.

SCI and Scindia are studying the possibility of offering a "limited container facility" for selected items such as cotton garments, footwear, cashew and certain engineering products. Neither company is offering joint freight and sailings, but independently is making plans to compete for cargo with the foreign lines.

The difficulty they face at present is the limited number of sailings they make to the Americas, as well as the fact that many Indian shippers would not like to lose their "loyalty" arangements with foreign lines.

The bulk of cargoes to and from India are carried by third country lines, pending acquisition by Indian groups of more ships. Plans to do it have been made, and large orders for ships are to be placed with foreign shipyards.

Role of Japan in S.E. Asia

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, Dec. 4.

COUNTRIES OF the Association of South-East Asian Nations (ASEAN) have told Japan to play its "special role and responsibility" as the only developed country in Asia in helping the developing Asian nations, instead of aligning itself with other industrialised countries in confronting developing countries over economic problems.

This view was expressed by Indonesian, Singaporean and Malaysian leaders during talks with Mr. Banroku Yushino, the Japanese Deputy Vice-Foreign Minister, who is visiting the ASEAN countries to brief their leaders on the results of the recent Rambouillet economic summit. He wants to reassure them that Japan will continue to help in economic development of the region.

In his talks with Malaysian leaders over the past two days, Mr. Yushino was reminded that despite Japan's membership of the OECD, it should not "alienate itself from the problems and aspirations of other Asian nations."

Malaysian leaders also expressed disappointment over Japan's ambiguous attitude towards the ASEAN organisation. They want to see a dialogue between developed and developing countries on problems of trade and raw materials rather than be told what had been agreed by the developed countries on those matters.

On primary commodities, Datuk Musa Hitam the Malaysian Primary Industries Minister told Mr. Yushino that developed countries should not concern themselves with securing raw materials at the lowest price and without considering the problems of the producers.

In that context, he expressed Malaysia's unhappiness over Japan's attitude towards efforts by primary producers to set up international commodity agreements, and Japan's plan to build-up a stockpile of primary commodities.

Agriculture a stumbling block at Geneva talks

By David Egli

GENEVA, Dec. 4.

U.S. AND EEC representatives indicated here to-day that, despite intensive bilateral consultations, they had failed to agree on a long-standing difference on how to proceed with trade liberalisation negotiations concerning agriculture.

The "reasonable understanding" claimed to have been reached more than a month ago in discussions between Mr. F. Dent, the U.S. special trade representative, and Sir Christopher Soames, the Community vice-president, collapsed, it is understood, when France turned down the formula. At best, it would merely have postponed disagreement to a later stage in the negotiations.

What this summer appeared to be a relatively minor issue is now posing a serious threat to further negotiations in the Tokyo round of multilateral trade negotiations. As has been stressed repeatedly, particularly by the U.S., the Tokyo declaration linked progress on industrial and agricultural trade. Paragraph 8 says: "The negotiations shall be considered as one undertaking, the various elements of which shall move forward together."

Agriculture is now lagging seriously behind, and as became clear in the discussions in the Agriculture Committee here to-day, there is little chance of making any headway until the two major trading partners overcome the hurdle of which committee should handle what aspect of agriculture.

Next week's trade negotiations committee will have to record this failure in its annual review of the negotiations, and it will obviously have a hard time planning tactics on the agriculture front in the coming months.

Contracts Abroad

SULZER BROTHERS, Winterthur, heads an engineering consortium handling a DM500m. (£94m.) turnkey order for a cellulose and paper works in Iraq to use waste from the neighbouring Misan sugar refinery, as well as reeds. Cellulose will be further processed up to 275 tonnes a day of cement-sack and packaging paper by 1978. The consortium include the Sulzer subsidiary Escher Wyss, the Krauss-maffei and Metallgesellschaft groups and building companies Polensky und Zoellner, Wayss und Freytag and Ed. Zueblin.

BUSINESS LAW

U.S. debtor's complaint: valuations: the new TIR

BY A. H. HERMAN

Out of the flood of decisions handed down by Courts in the U.K. and on the Continent each week most are of interest only to the parties concerned, a small number to lawyers, while a few indicate new developments of direct significance to business. To this category belong the possibility of simultaneous litigation on the same issues abroad and in the U.K.; the binding effect of agreed valuation; the pitfall in German Customs administration and how to avoid it; victory for the arbitration clause in East Germany; and the improved TIR Carnets.

An English company can proceed against a U.S. debtor in English courts although the same dispute is being dealt with by a U.S. court. The Court of Appeal so decided on November 27 in the case of British Domestic Appliances v Cummins Engine. The nature of the dispute is familiar. The English company delivered refrigerators and had not been paid, and the U.S. concern complained of poor workmanship and claimed substantial damages.

The U.S. side was in court first, at Dallas, and accused the English supplier of fraudulent misrepresentation. It is rare for similar actions to go on in two countries at the same time, and proceedings in Dallas are already advanced. However, Lord Denning, Master of the Rolls, found that the English action should be allowed to proceed. On the balance of justice there was here an English-law clause in a contract to be paid for in sterling in England. On the balance of convenience, one has to consider that while an English judge could easily deal with the wording of such a contract, English lawyers might have to travel to Dallas to assist the court there. But full use should be made of the work done already before the Dallas court.

On the same day, November 27, dismissing an appeal in Cambell v Edwards, Lord Denning added an important postscript to the Lords' decision of Nov. 12 (in Arenson v Casson) that a valuer may be liable for negligence, in the same manner as previously decided about architects. The Master of the Rolls held that the decision of the Lords had transformed the previous position, when valuations could be upset not only on the ground of fraud and collusion but also on the ground of mistake.

If two parties agreed, he stated, that the price of property should be fixed by an agreed valuer, they were now bound by it as a matter of contract when the valuation was given honestly as a matter of opinion.

They could still challenge a "speaking" valuation, giving the reasons and calculations, when it could be shown that they were wrong on their face.

*

The question of mistake by someone who ought to know, in this case a German Customs officer, appeared as an issue before the German Federal Court in Karlsruhe in a case listed under AktZ. III ZR 84/73.

By a decision taken on October 9, and only now published, the court has ruled that an importer has no cause of complaint if he relied on a lower Customs tariff applied by mistake of the Customs officer on first importation and the importer suffered loss when he was later charged at the correct higher rate on subsequent import of the same class of goods.

He could not claim that his confidence in authority was disappointed because the Customs could ask for incorrectly assessed low duty to be paid subsequently. Moreover, there is a special procedure available to importers in Germany by which they can obtain binding official information on tariffs.

Legal security for Western suppliers in East Germany has been reaffirmed by an important decision of the District Court of Cottbus. By a judgment from which there is no further appeal the Court decided that an East German court could not claim jurisdiction in disputes arising out of contracts which provided for arbitration in West Germany. The Court struck out an action against Elastogran, a BASF subsidiary, and annulled a judgment of the Kreisgericht of Senftenberg on November 16, [illegible] which caused some uncertainty about the status in East Germany of clauses providing for an arbitration in the West.

*

Finally, there is a bit of good news for those involved in road transportation of goods across national boundaries without involving Customs inspection at intermediate frontiers. A new Customs Convention on the International Transport of Goods under the cover of TIR Carnets was adopted at a 34-nation conference in Geneva on November 14. The TIR Carnet gives all the required Customs data on a number of counterfoils, one of which is removed at the point of entry and the other at the point of exit from each country in the vehicle's itinerary.

The new Convention extends the TIR system to cover transport in which only part of a journey may be made by road and the remainder by rail or sea. In future, one carnet will do for both the truck and its trailer. The Convention also provides that national authorities may waive the payment of Customs duties on goods which have been destroyed or lost as a result of an accident.

IN BRIEF

European patent pact

The Association of Swiss Patent Attorneys has recommended that Switzerland should not join the European Patent Agreement at this juncture. Cost of the agreement, signed by Switzerland and 15 other countries, would be too high for the State and the "small inventor," the lawyers say. The "few advantages" of the agreement could also be made use of without Swiss adherence to the system, they add.

U.K.-Israeli trade

The Israeli economic team which visited the U.K. recently has invited a number of U.K. delegations to go to Israel to enable British businessmen and importers to study possibilities for increased purchases from Israel, particularly of engineering and other metal products, chemicals and electronics. Such a rise in U.K. imports is considered essential in Tel Aviv as U.K. sales to Israel are nearly three times the reverse flow. For January-October this year the U.K. favourable balance was £120.5m., following £200m. in 1974.

Swiss-Yugoslav deal

Hermann Pieren, Konolfingen, Switzerland, has agreed with Janko Lisjak, of Belgrade, and Fryogenis, Athens, on production under licence by the two concerns of the Swiss company's range of Pieren-Modlair ventilation and air-conditioning units. Fryogenis will also make Pieren heating boilers under licence for the Greek market.

Export Contracts

INTERNATIONAL HARVESTER is to build at Doncaster tractors valued at £250,000 for Somalia.

MORRIS VULCAN, Solihull, is sending 170,000 pairs of roller skates worth £250,000 to Germany, Holland, Switzerland and Denmark. Output of skate boards (surf boards on wheels) is being expanded to meet fast developing demand.

AUTOMATIC REVENUE CONTROLS (EUROPA), Watford, will supply a $247,000 toll collection and control system, including a central computer, for a bridge being built at Maryland, U.S., to facilitate crossing of the Patapsco River.

JISKOOT AUTOCONTROL, Tunbridge Wells, will provide sampling systems worth £20,000 at the Banias, Syria, oil terminal.

G. HUNTER (LONDON) will supply hoist blocks and trolleys costing £11,000 to a Korean shipyard.

Exhibitions

● The Swiss Trade Promotion Bureau intends to organise a national industrial exhibition for Swiss goods in Cairo in November or December next year. It will feature machine tools, textile machinery, watches, instruments and other industrial and consumer goods. The aim is to attract buyers from Saudi-Arabia, Jordan, Kuwait and the Emirates, as well as from Egypt itself. Further action will be taken in 1976 by the Bureau in the OPEC countries Libya, Algeria and Iran.

It is announced in Switzerland that Egypt will be a national guest of honour at the Comptoir Suisse Autumn Fair to be held at Lausanne next September. The exhibit is expected to concentrate on textiles and tourism.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $190.94 (air freight) $181.88 (air mail) per annum. Second class postage paid at New York, N.Y.

Indian steel output jumps

BY OUR OWN CORRESPONDENT

CALCUTTA, Dec. 4.

THE DURGAPUR steel plant is currently producing at 60 per cent. of capacity, the best level in ten years, according to Mr. P. K. Paul, the general manager. Output in October was 18 per cent. higher than in April this year in the plant as a whole, while some of the individual units such as the section mill, skelp mill and the sleeper and wheel and axle plants showed a much better performance. Production increases there over the period ranged as high as 40 to 50 per cent.

The general manager feels confident that given adequate good quality coal supplies, consistently and regularly, the plant will be able to achieve a much higher rate of output in the next few months.

The Durgapur works is already contributing its share to India's steel export drive. It has received orders from many countries, including Czechoslovakia, Saudi Arabia, Libya, Indonesia and Japan. The merchant mill is now fully booked with export orders.

Dunlop India

Dunlop India has secured the licence to set up an aero-tyre retreading unit in West Bengal in technical collaboration with its U.K. parent company. It will be the first such unit in India. Hitherto aero tyres have been sent to Belgium for retreading costing both foreign exchange and time.

The company will also make steel cord conveyor belting in collaboration with Industrie Pirelli, of Italy, another pioneering line for Dunlop India. The U.K., which had second place in industrial collaboration in India during 1974 has slipped into third place, with West Germany topping all others. The U.S., which had first place in 1974, was running second at the last count.

A. MAURER, Berne, will design supply and assemble a 12,000-tons-a-year plant to make phthalate plasticisers for Intermediate Materials for Plastic Industries, Baghdad. The Sw.Frs.12.5m. (£2.4m.) plant will work to the process of the German concern Chemische Werke Huels, and will come on stream at the end of 1977.

Ford promises China a 'normalisation of relations'

BY OUR ASIA CORRESPONDENT

PRESIDENT Gerald Ford last night wound up his four-day visit to China with a promise "to complete the normalisation of relations" with China. This would involve Washington in establishing formal relations with Peking and withdrawing its support for Taipei.

No formal or specific agreements have been announced and the two sides have only spoken in general terms about what they discussed. The leaders agreed not to issue a communique at the end of the visit, and last night at the return banquet which President Ford gave in honour of the Chinese leaders there were only "toasts" and not full speeches.

Nevertheless, the third and last round of the meetings between Mr. Ford and Teng Hsiao-ping, the Chinese Vice-Premier, seemed to have been more friendly than previous encounters.

A somewhat reserved friendliness was certainly the note of the remarks at the banquet. Mr. Teng said that the contacts between the leaders of the two countries had helped "to increase mutual understanding." The two sides, he said, had had "several beneficial talks." President Ford described the talks as "friendly, candid, substantial and constructive."

Mr. Ford, in reply, indicated that there had been disagreements when he said that the two Governments would "follow their own policies and tactics, governed by their perceptions of their own national interests." But he added the promise to have full relations. "Although our relations are not yet normalised, they are good; they will be gradually improved because we both believe that a strengthening of our ties benefits our two peoples."

He also referred indirectly to Mr. Teng's attacks on the policy of U.S.-Soviet detente. Mr. Ford repeated his backing for the Shanghai communique, signed in 1972 by Mr. Nixon and Mr. Chou En-lai, China's Premier. This, he said, expressed "fundamental opposition to the efforts of others to impose hegemony in any part of the world."

The overall view of observers as Mr. Ford planned to leave China to-day for Indonesia and the Philippines was that the two countries had managed to preserve relations between the U.S. and China, but not to advance them significantly.

Hamish McDonald adds from Jakarta: President Ford's brief visit to Indonesia which begins to-morrow follows a six-month intensive campaign by Jakarta to cultivate Washington.

The Indonesian Government has turned to the U.S. for support this year following the Communist victories in Indo-china and a sharp decline in the country's foreign earnings position.

Total military aid over the last five years has been some US$65m. from America and about US$30m. from Australia.

This year defence chiefs saw a sudden move to speed up re-equipment, particularly in maritime surveillance, transport and communications, to guard against a perceived threat of subversive imports across the South China Sea. The Indonesians have turned to the U.S. for increased assistance because of the heavy development commitments on revenue.

The U.S. Administration has allocated some $US40m. to Indonesia in grants and credit in the new Military Assistance Bill now in Congress.

NY approves Arab-U.S. bank

NEW YORK, Dec. 4.

THE New York State Banking Board has approved the establishment in New York City of a bank that would be owned by Arab interests and four U.S. bank holding companies.

In a highly unusual move, the State Banking Department required the bank's incorporators to sign a pledge that the bank would operate in a "completely nondiscriminatory manner." The pledge says that the bank would operate in conformance with U.S. and New York State law, specifically the state law prohibiting discrimination in employment and the granting of credit.

The bank, which is expected to open in the spring, will be called UBAF Arab American Bank. It will have an initial capitalisation of $25m., with each of the U.S. banks holding a 5 per cent. equity interest.

The four U.S. companies are Bankers Trust New York Corp., First Chicago Corp., Security Pacific Corp. of Los Angeles, and Texas Commerce Bank shares of Houston. The board would comprise 11 arabs and 11 Americans.

The Chairman-Designate is Mr. el Kaissi, Governor of the Central Bank of Iraq, and the President will be Mr. Kevin G. Woelfein, formerly a vice-president and general manager of the Tokyo branch of First National Bank of Chicago.

Mr. John G. Heimann, superintendent of the Banking Board, said approval of the organisation "is consistent with a long-standing policy of the banking department to foster an open and competitive capital market which will enable New York to retain its position as the financial centre of the world."

The approved institution would be a consortium bank owned jointly by the four U.S. holding companies and Union Banque Arabes et Francaises (UBAF), together with associated institutions including governmental and private banking institutions located in the Mid-east.

AP-DJ

November wholesale prices unchanged

By David Bell

WASHINGTON, Dec. 4.

THE FORD Administration received its best piece of economic news for some months to-day when the Labour Department reported that wholesale prices were unchanged last month after four successive months of increases.

Seasonally adjusted, the wholesale prices index for all commodities in November was the same as October, largely because of a 2.8 per cent. drop in farm prices. The industrial commodities index moved up 0.6 per cent. last month but that increase was half the rise in October

To-day's statistics are likely to be welcomed as evidence that the economy may still be on target for further recovery next year even if on a more modest scale than was being predicted in the summer. In particular, the fall in food and cattle feed prices should mean stable grocery prices for at least the first few months of next year, a valuable advantage for President Ford as his election campaign gets under way.

The wholesale price figures follow last week's fall in the key index of leading economic indicators, which has worried industrialists, and there are also some signs in these price statistics that may not augur well for the coming months. While car and steel prices, which pushed the index up sharply in October, were almost unchanged last month, the Labour Department reported that machinery and equipment prices continued to rise faster than any other sector.

This increase may indicate that there is not as much spare capacity in the economy as had been thought and that suppliers are already able to charge higher prices for new equipment.

THE LOCKHEED CASE

'How the F-104 was sold'

NEW YORK, Dec. 4.

LOCKHEED Aircraft, which has had its share of troubles in the last few years, is facing new headaches on allegations that it made payoffs to top Dutch and West German officials to promote sales of its supersonic F-104 Starfighter to those two nations, the Wall Street Journal reported to-day.

The allegations, made by Mr. Ernest F. Hauser, a former employee of Lockheed, specifically charge that the company made payments to Prince Bernhard of the Netherlands and to the West German political party headed by Franz Josef Strauss, the Journal reported. To back his case, the former employee has shown his diary to the newspaper.

Mr. Hauser, who worked in Lockheed's German sales office from 1961 to 1964, contends that during that time Lockheed arranged regular payoffs in Holland and West Germany in connection with sales of the fighter. Holland over the years has purchased 138 Starfighters, and West Germany (where the F-104 has gained the nickname "Flying Coffin" because of 174 crashes) has purchased 917. (The aircraft were built in Europe under licence.)

The new allegations come after Lockheed's acknowledgement last August that it has made payoffs totalling $22m. to foreign countries since 1970 to get lucrative aircraft contracts, a practice it deemed necessary to meet the competition. Mr. Hauser's allegations remain basically the uncorroborated charges of one former employee—but an employee who apparently performed to Lockheed's satisfaction in a sensitive job before he left the company voluntarily in 1964.

He has testified about Lockheed before a closed session of the U.S. Senate Sub-Committee on Multinational Corporations, and the sub-committee, headed by Sen. Frank Church, is preparing to call several top Lockheed officials for sworn secret testimony on the allegations. The Journal quoted Hauser as saying he does not know how much money was involved in the payoffs.

Meanwhile, it is known that Lockheed documents indicate that the company paid millions of dollars in the late 1960s to top officials of the Italian Government and to Italian political parties to persuade Italy to buy 14 C-130 cargo transports. Government investigators have reason to believe that without the payoffs Italy might have spent the money on combat equipment instead of on the transports. Mr. Hauser says he never learned much about the company's Italian operations. But he says that once in 1962 he was told to go to the Air Ministry in Rome to inform an Italian General how previously arranged bribes would be paid to him in connection with Starfighter sales.

In his diary and in several hours of interviews, Hauser makes the following main allegations. Lockheed arranged payments during the same period to the Christian Social Union (CSU), the West German political party headed then and now by Herr Strauss, who was also Germany's Defence Minister. The payments were allegedly made to facilitate Starfighter sales to the Germain Air Force. Through his personal assistant, Strauss states that he has "no knowledge" of any such payments. Similarly, a spokesman for the party says it never received any Lockheed money.

Under German law, it is permissible, and was at the time Mr. Hauser worked for Lockheed, for corporations to contribute cash to German political parties, as long as the contributions were not intended as bribes.

Hauser says that on Lockheed's behalf he himself delivered an envelope containing cash to Colonel Günther Rall, who was head of the Starfighter planning staff in the German Air Force. The Journal said it was not able to find Colonel Rall for comment. Last September, he was forced to resign from the Air Force for accepting gratuities. That incident did not involve Lockheed.

Although the Journal did not find any internal discrepancies in Mr. Hauser's account, none of his basic contentions can be independently corroborated, either in the U.S. or in Europe. Furthermore, Lockheed and all the involved individuals whom the Journal was able to reach dispute his allegations. Several persons refused requests for interviews.

Lockheed's reluctance to make full disclosures about its payoff practices seems to have encouraged Mr. Hauser, after years of silence, to tell his story.

Mr. W. D. Perreault, Lockheed's Vice-President for public relations, says there is no "credible basis" to Mr. Hauser's statements. "I have not been able to find (any Lockheed official) who thinks there is anything to it," he says. But Lockheed will not issue a formal, flat denial. "A blanket denial is a very stupid thing to make on anything," Mr. Perrault says.

Lockheed's reluctance to make full disclosure about its payoff practices seems to have encouraged Mr. Hauser, after years of silence, to tell his story. Now 55 years old, he was a U.S. Army intelligence officer for 18 years he says that shortly after the Second World War he became friendly with Herr Strauss.

After rising to the rank of Major, he quit the Army in 1959 and worked for Aerojet General for two years. Then he joined Lockheed — on the recommendation, he says, of Herr Strauss. "He wanted to have a man in Lockheed whom he could trust," Mr. Hauser says. "I was going to be his confidential go-between."

The Hauser diary is filled with routine matters — skiing trips, his birthday, his irritation about the commuting distance between Koblenz and Bonn. But interspersed with these mundane items there are frequent references to payoffs. A typical entry, dated June 26, 1962, discusses alleged payments to the Christian Social Union and then states, concerning Herr Strauss: "He has calmed considerably since the CSU units (sic) are running smoothly. Only pmt (sic) problem now remains the Netherlands."

In several diary entries Hauser discusses pay-off arrangements with Prince Bernhard, who, Mr. Hauser explains, sometimes is referred to in the diary as "B." One such entry alleges that a meeting was held on October 24, 1961, at a hotel in The Hague. Present, besides Mr. Hauser, were two Lockheed executives and Mr. Hans Gerritsen, Lockheed's Holland agent. The men had gathered to discuss the reluctance of Colonel H. K. Stokla, a Dutch officer who headed the North Atlantic Starfighter Management Office (NASMO), to approve costly engineering change proposals (referred to as ECPs) desired by Lockheed.

"Explained NASMO (Stokla) stand," Mr. Hauser wrote following the meeting. "Gerritsen will discuss with B. to get reversal Stokla ECP stand . . . payment B, put through SBV St. Moritz Meuser account." Mr. Hauser say the statement refers to a cash transfer intended for the Prince through an account in the Schweizerischer Bank Verein, or SBV, in the name of Mr. Fred C. Meuser, who then was Lockheed's European sales director. Mr. Meuser, who still lives in St. Moritz, Switzerland, says he had "never passed a penny to these gentlemen." Mr. Gerritsen, still a Lockheed consultant, says the idea that Prince Bernhard would accept pay-offs is "ridiculous."

U.S. domestic car sales up

By Guy de Jonquieres

NEW YORK, Dec. 4.

THE STEADY improvement in sales of U.S.-manufactured cars which has been under way since early autumn advanced further during November, while sales of imported models continued their recent decline.

Last month, sales of domestic makes totalled 654,979 units, 35 per cent. above the level a year earlier, while sales of foreign cars dropped 5 per cent. to 9,000. Imports' share of the total market has now been cut to about 12 per cent. from 13 per cent. in October and more than 20 per cent. in some months earlier this year.

While Detroit claims to be encouraged by the latest results, the major motor companies are still acting rather cautiously in their planning for the next few weeks. Most of them expect volume sales to drop slightly this month—normal for the season—and they are keeping a watchful eye on the level of unsold stocks.

Probe splits Peronists

BUENOS AIRES, Dec. 4.

A MAJOR split emerged to-day between leaders of Argentina's ruling Peronist Movement over a Parliamentary investigation into charges of corruption in the Government of President Maria Estela Peron.

While Interior Minister Angel Robledo, who is also Deputy Chairman of the Movement, attempted to limit the scope of the probe, rebel Peronist legislators insisted on a full inquiry into the charges which directly involve the 44-year-old widow and some of her closest aides.

A federal judge is also investigating charges of misuse of public funds by the Social Welfare Ministry since Sra. Peron took over after the death of her husband, General Juan Peron, 17 months ago. The investigation includes the handling by Sra. Peron of public funds supplied by the Social Welfare Ministry to a Peronist charity of which she is the chief official.

Reuter

Hugh O'Shaughnessy writes: In November, the Argentine Air Force was in action for a total of 1,600 hours against guerillas in the northern province of Tucuman, according to official sources in Buenos Aires.

In a combined police and military operation at the rail and bus terminals in La Plata on Monday 85 people were detained. Two Catholic priests in the province of Corrientes were detained by the security forces and the bishop of Goya has called for prayers for their safety

In a TV interview this week General Alcides López Aufranc, a retired officer who is identified with the hard line right wing of the Army, dwelt on the "precentential vacuum" and "moral crisis" in Argentina and said that some foreign travel agents were advertising "trips to Argentina while it still lasts."

New York banks 'not endangered'

Financial Times Reporter

THE FINANCIAL problems of New York City had not endangered the city's major banks, Mr. David Rockefeller, chairman of Chase Manhattan Bank, said yesterday.

Contrary to the rumours of the past few months, he told a meeting in Frankfurt that "the holdings of city and state bonds by New York banks are not excessive." The banks had made adequate loan loss provisions and increased their liquidity, and "we are well positioned to weather any financial storms blowing our way," he said.

The situation would, however, affect the economic growth rate of the U.S. "The real danger of prolonging New York's problems is not its possible effect on banks' solvency, but the pessimism it could generate, particularly at this time, when renewed optimism is called for," Mr. Rockefeller said.

TENTATIVE DEAL ON RAIL STRIKE

WASHINGTON, Dec. 4.

FEDERAL mediators said to-day that negotiators for four railway unions had promised to delay a threatened nationwide strike scheduled for 6 a.m. to-day.

Under the tentative settlement the railroads have agreed to give mechanics an additional three cents an hour increase effective January 1978 to catch up with railway signalmen. Also the railroads have agreed not to contract work to outside firms on parts which are manufactured in the railroads' own shops.

The key issue in the dispute was the subcontracting of work to outside companies but there were four other issues dealing with union work rules that had stalled the talks.

These involved job protection rights of workers, the handling of wrecker services, a moratorium on calling strikes because of local issues and problems dealing with air-hose coupling air brake inspection and testing work.

Agencies

EUROPEAN NEWS

Bid to heal new split in Portugal

BY PAUL ELLMAN

LISBON, Dec. 4

PORTUGAL'S Prime Minister, Admiral Jose Pinheiro de Azevedo, conferred with party leaders to-day in a bid to close yet another split which has emerged inside the Sixth Provisional Government.

Admiral Pinheiro de Azevedo, who has to conduct a minor Cabinet reshuffle soon to fill a vacant portfolio, has been confronted by an impasse created by hostility between the Communists and the Popular Democrats.

The Communists have yet to drop the demand they made before the abortive November 25 rebellion, that the Popular Democrats be excluded from the Government. For their part, the Popular Democrats, or at least their leader, Dr. Francisco Sa Carneiro, have equally called for the Communists to be driven out of the Government because of their alleged role in bringing about the uprising. Neither side has shown any signs so far of being willing to budge, although Dr. Sa Carneiro is expected to face criticism from left-wingers at a PPD congress called for this weekend.

Dr. Mario Soares, the Socialist leader, said at a Press conference this evening that his party would refuse an alliance with only the Communists or the Popular Democrats. He said that the Communists should remain in the government because it has a real implantation in the working class.

"We cannot exclude an important part of the working class for the adventurous policy of leaders. Should we put the Communists in the ghetto or win them to our side? I think we should win them over to our side," Dr. Soares said.

Some elements inside the military leadership, notably the "Group of Nine" officers, have let it be known that they feel that the Communist Party should be kept inside the Government, partly because it is easier to neutralise. Nevertheless, it is not being excluded here that a failure to settle the row could lead to Admiral Pinheiro de Azevedo heading a government containing members of only the Socialist Party and the Armed Forces Movement.

Such an outcome would meet with strong disapproval from those on the Revolutionary Council of the AFM who feel that the military should play a less active role in the day-to-day conduct of Portugal's government and should instead be thinking of when it will finally return to barracks.

The shakeout of left-wingers associated with the November 25 rebellion meanwhile continued with the announcement to-day that Captain Carlos Almada Contreiras had "resigned" from the Revolutionary Council. This leaves only one member associated with the Left still on the council, another navy representative, Capt. Manuel Martin Guerreiro. However, he is expected to lose his seat at a forthcoming assembly of navy officers.

The centre of gravity on the Revolutionary Council has now shifted firmly to the Right and there are indications that it may decide to grant membership to commanders of the four military regions in order to bring its strength back to 18 following the recent purges.

● The Naval High Command to-night announced that two leading pro-Communist officers had been arrested in connection with last week's abortive military uprising.

The two were Lt.-Commander Carlos Almada Contreiras and Lt. Miguel Judas. Three other naval officers had been imprisoned and another 17 were under house arrest.

Reuter

Spanish Premier still not chosen

BY ROGER MATTHEWS

MADRID, Dec. 4

KING JUAN Carlos has abandoned his timetable for the appointment of a Prime Minister because of the difficulties he has run into with high-ranking members of the Franco regime.

The King had hoped to have his PM sworn in to-morrow and the present incumbent, Sr. Carlos Arias, equally had expected to be formally relieved of his duties to-day.

Instead, Sr. Arias will chair to-morrow's Cabinet meeting and a large sigh of relief went up in Ministerial circles last night as officials interpreted the decision as a victory for continuity. But the King is still hopeful of getting one of his own nominees and negotiations this week-end may prove decisive in demonstrating just how much political nerve and determination he has.

The arguments against Sr. Arias continuing have mounted since Tuesday's appointment of Sr. Torcuato Fernandez-Miranda as President of the Cortes, a post that carries vital constitutional responsibilities. So identified is Sr. Fernandez-Miranda with Franquism that some gesture to the country's progressive forces now seems imperative.

Despite Sr. Fernandez-Miranda's exemplary Right-wing credentials, friends of the King are stressing that he will put loyalty to Juan Carlos before anything else. Thus he is to-day sounding out reactions, especially in the all-important Council of the Realm, to various names that might be acceptable to the King as Prime Minister.

Ultra-conservatives on the 17-man Council of the Realm—whose task is to present a list of three names for the King's consideration — successfully pushed through a change in voting procedures during a six-hour meeting on Monday night. Instead of five or six votes being sufficient to get a candidate's name on the list, as happened previously, it was changed to half the members plus one, that is nine votes. This significantly reduces the chances of more liberal candidates being sent forward from the Council.

Friends of Juan Carlos say that he has been chastened by his experience of politics in the past seven days and has been rather daunted by the lack of manoeuvre that seems available to him. Apparently he assumed that he would get his own Prime Ministerial candidate with the minimum of fuss and that the Council of the Realm would fall in with his wishes.

Judging from past experience, the most that can be expected from Sr. Arias, should he be asked to continue, is a revamped Cabinet and an amplification of his famous "February 12" policy of political cosmetics that has been roundly defeated by the ultra-Right during the past 18 months. Although it is said that this time Sr. Arias would be more successful, the psychological advantage of his enemies would again weigh heavily against him.

WEST GERMAN JOBLESS UP

By Nicholas Colchester

BONN, Dec. 4

THE West German unemployment figure rose in November by 53,000 to 1.1m., or 4.9 per cent. of the workforce, but the rise was a small one for the time of year and the seasonally adjusted figure dropped slightly from 1.25m. to 1.23m.

The head of the German Labour Office, announcing the figures, said that they showed the cyclical position in the German labour market to have stabilised with seasonal factors taking over to move the actual unemployment figure upwards.

The most worrying thing about the present German unemployment statistics is not the overall figure, which is developing better than people had feared, but the amount of youth unemployment and the steadily increasing period for which the average German unemployed person is out of work.

Ruling Italian party rejects 'compromise'

BY ANTHONY ROBINSON

ROME, Dec. 4.

SIG. Benigno Zaccagnini, secretary of the Italian Christian Democrat Party, to-day emphasised his party's refusal of the Communist offer of a "historical compromise" and insisted that the present division between the CD as a party of Government and the PCI as a party of opposition should be maintained.

But he told the foreign Press the CD party has to define more clearly its political ideas and aims, strengthen its links with the culturally and politically active parts of Italian society and become a more open party so as to compete more effectively in political terms with the Communists, while avoiding any temptation to follow a policy of confrontation which risked splitting Italy into two.

He defended the record of the current two-party Government led by Prime Minister Aldo Moro and strongly opposed the idea of a Government crisis before any clear alternative to the present Government was in sight. He pointed out that the Socialist Party is due to hold its Congress in February and the CD party its own Congress in early March.

These two events should provide the opportunity to clarify the political situation and create the basis for a more solid Government which he felt would have to be based on an agreement between the Centre-Left parties which gave a more important role to the Socialist Party.

Asked about corruption in the CD party, Sig. Zaccagnini frankly admitted that after 30 years in power there had been many abuses, but he denied that the party was as corrupt as the Press and opposition parties claimed.

EEC sets conditions for further support to Italy

BY REGINALD DALE

BRUSSELS, Dec. 4.

THE EEC Commission has proposed a new set of economic policy conditions for Italy to follow if it is to qualify for continuing EEC financial support.

The guidelines for next year are recommended under a December, 1974, agreement granting Italy a three-year loan of just under 1.2bn. units of account (£500m.) to which all the other EEC countries except the U.K. contributed.

A further sum of just under $500m. is being lent by Britain on a short-term basis, renewable every three months. The U.K. opted out of the medium-term scheme, pleading its own financial difficulties. After a further examination of the British economic situation, the Commission to-day said that the U.K. can continue to be excused from providing medium-term funds.

The conditions proposed by the Commission are that the overall expansion in credit should be kept to L31,000bn. next year; the Treasury's operating deficit should be restricted to L14,800bn. current Government expenditure should not increase by more than 15 per cent.; and Central Bank financing of the Treasury deficit should not exceed L5,700bn.

The Commission said that Italy had easily fulfilled the main condition set in 1975: the achievement of a non-oil trade surplus of at least $1bn. Ceilings for credit expansion, public spending and the Treasury's operating deficit had not been respected, but this was because economic activity had slowed much more than expected.

The policy conditions for 1976 are to be put to the next meeting of EEC Finance Ministers here on December 15.

THE SOUTH MOLUCCANS

Frustration reaches boiling point

By MICHAEL VAN OS, AMSTERDAM, DEC. 4

THE South Moluccan claim to an independent republic on the former Dutch East Indian islands off Indonesia has given the Netherlands trouble for more than 20 years. But never before has it been as violent as this week with the hijacking of a train and the occupation, to-day, of the Indonesian consulate in Amsterdam. Their frustration at the rebuttal of their demands has clearly reached boiling point.

There are around 35,000 South Moluccans living in Holland, a community made up of the original 12,000 South Moluccan repatriates from Indonesia after that country's independence from Holland in 1952 and their offspring since their arrival. Born in Indonesia, many of the South Moluccans had been soldiers, fighting alongside the Dutch in the Far East.

After Indonesia's independence, the South Moluccans claimed an agreement existed promising that they would be able to return to their home

country later. But in recent years, both the Indonesian and Dutch Governments have made it clear that the South Moluccan demands for their own republic could not be met.

When the South Moluccans started arriving in Holland in 1950, when their newly-established South Moluccan Republic in Asia had been occupied by the Indonesians, their "tough" actions here consisted merely of protest demonstrations and the handing of petitions to Parliament in The Hague. That changed in 1966 when President Soumokil of the SMR was alleged to have been killed by the Suharto Government.

During an official visit to Holland in 1970 by President Suharto, South Moluccans occupied the Indonesian Ambassador's residence near The Hague. The Ambassador managed to flee, but a Dutch senior policeman was shot. The occupation was regarded a major achievement in the campaign for a Free Republic of the Moluccans.

Sociologists have repeatedly stated, after various clashes between the South Moluccans and police and with Indonesians living in Holland, that the situation would escalate beyond control.

It was argued that the South Moluccans' frustration was attributable to the Dutch Government's refusal to make any moves on the political front for them, concentrating efforts on their social welfare in Holland.

On the other hand, the leaders of the Moluccans in Holland have always kept alive the ideal of their own republic and they failed to accept that there were only two alternatives for their people—to return peacefully to Indonesia or to integrate into Dutch society. It is clear that the Dutch government, which is on very friendly terms with the Indonesian government, is unlikely to make any political moves ever on behalf of the South Moluccans—especially not now that important economic opportunities have presented themselves for Dutch business.

Even at the time of the Arab oil embargo there were consultations about the possible supply of crude oil to Holland. The Dutch clearly do not want their relations to become affected by an intervention on behalf of the Moluccans.

But in Arnhem Appeals Court to-day following the South Moluccan plot to storm the Royal Palace earlier this year and kidnap Queen Juliana and other members of the Royal Family, most of the 12 of the group of 25 that appealed against their sentences saw them substantially reduced.

Dutch Home Affairs Minister Mr. De Gaay Fortman has said that certainly not all Moluccans were to be held responsible for the current violent actions.

Mr. Johan Manusama, the self-styled RMS president-in-exile, has repeatedly warned that many of his people had become so frustrated that he would no longer be able to control them.

His attempts to mediate in the train seige have failed. He and his more peaceful followers have always entered the battle for freedom "with words, not with arms" and there are other groups of South Moluccans whose representatives are actively lobbying their case at the UN.

Meanwhile, there are increasing fears of Dutch retaliation against South Moluccans and newspapers to-night received a number of anonymous threats of bombings of South Moluccan social centres and clubs.

There is much speculation as to where the extremists got all their weapons. One report to-day pointed to recent arms thefts at army camps in Holland and Germany. It was added that arms purchases on the Amsterdam black market were also a possibility.

Although on a small scale, a number of South Moluccan camps in Holland feature small private armies where exercises are held regularly, complete with uniforms and the South Moluccan flag.

But now, political pressure has mounted for the Dutch government to put a stop to such activities.

French glass ruling in U.S.

WASHINGTON, Dec. 4

THE U.S. Treasury has issued a final ruling that France is subsidising float glass exports to the U.S. in violation of the countervailing duty law.

Treasury officials said that decisions are still pending in four other float glass import cases, involving shipments from Britain, West Germany, Belgium and Italy. In all five cases U.S. glass manufacturers complained that foreign Governments were subsidising exports of glass manufactured by the float glass process.

EUROPEAN NEWS

Euro-Parliament allowed to increase budget

BY DAVID CURRY

BRUSSELS, Dec. 4.

AFTER a night of tortuous deliberation, EEC Treasury Ministers agreed this morning to permit the European Parliament to restore some 90m. units of account (about £50m.) to the budget for 1976. It is suggested that 35m. more each should go to research and the social fund and that 20m. should go for aid to non-associate states—the first time such a provision has been made.

However, the Council failed signally to resolve the constitutional problems about Parliament's rights to restore money to the budget. Indeed, much of the 12-hour Council session was spent in trying to find a way through the byzantine labyrinth of defining how much money Parliament could restore and at what stage in the budget formulating process it could apply it.

Although the Parliamentary delegation which attended the deliberations is likely to accept Council's interpretations of these problems for the moment, it is clear that it scents strongly the possibility of forcing a bit more of its foot through the Council's door.

Under EEC rules, Parliament has the right to insist on certain restorations to the category of non-obligatory expenditure—that is, to programmes which, unlike the farm policy, are not fundamental to the EEC's existence.

How much Parliament can restore is determined each year according to a formula based on the percentage expansion of the total of non-obligatory expenditure ("the maximum rate"). Parliament can put back, off its own bat, half as much again as this maximum rate which, in the 1976 budget, means between 67m. and 78m. units of account, known as the "margin of manoeuvre."

The still unresolved problem is, when does this margin of manoeuvre apply? According to the Council, Parliamentary changes to the budget made before it is sent to the Council for a second time and upon which the Council must pronounce, are part of the margin of manoeuvre.

Yesterday, Parliament was claiming that the margin applied only after the Council had finally revised the budget in the light of Parliament's changes and that the margin could still be applied on top of whatever additions the Council accepted.

Parliament originally sought restorations of some 441m. units of account, but the issue fought over was the demand for 151m. of restorations for research, aid to developing countries and the social fund.

Initially, the Council wanted to allow Parliament only 90m., to be divided according to Parliament's wishes. Parliament rejected this, telling the Council that it was obliged to present a precise and itemised budget, not an ill-defined one.

One Council, sticking to the 90m., sought ways of making sure that some 30m.-40m. units of account of this should be assigned for research.

But if it spelled this requirement out it would, in effect, be reducing Parliament's margin below the magic 78m. and hence inviting rejection. If it did not spell it out, Parliament might well refuse to give anything to research on the grounds that the Council knew full well that the money was needed and it should make sure that it was available.

Finally, Council recommended the division of the 90m., a sum which Parliament regards as stingy, making it clear that it regarded this 90m. and not a second additional slab of 90m. or 78m., as being the Parliament's margin of manoeuvre.

While Parliament looks like accepting this for the moment, legal opinion within the EEC institutions is inclined to the view that Parlaiment has spotted a chink in the Council's armour that may well be susceptible to future enlargement.

It is not clear whether Parliament will accept that part of the 90m. should go for research. Some members of the delegation were arguing that they should leave research out and force the Council to seek rectification to the budget within a matter of weeks if the research projects in question receive their expected go-ahead next week.

'Hope' for steel floor price

By Michael Van Os

NIJMEGEN, Dec. 4.

A LEADING European steel executive said here to-day that he had reason to be "confident" that the necessary agreements would be reached shortly so that a system of minimum prices for steel products could be introduced in the Common Market countries early next year.

And there were indications from the OECD that third parties, notably Japan, would "gladly follow suit" with price rises and abide by the effort to arrive at an orderly market for steel as the Japanese manufacturers were also being hit badly by the recession.

Mr. Evert van Veelen, chairman of the big Dutch-German steel group Estel, which is based here, told a Press conference that he considered an enforcement of the minimum prices system by mid-February "feasible."

"The European steel industry has been hit harder by the economic recession than the other industries," he said.

Special measures were needed to deal with the special problems of the European steel industry, which had been weakened by costs that have been rising ungoverned by marketing conditions, whereas prices had been severely hit by market forces.

Mr. van Veelen added: "And the prices publication rules laid down for the Nine are being trodden on in the current difficult situation.

POLITICS IN FINLAND

Lecture from the President

BY LANCE KEYWORTH, HELSINKI CORRESPONDENT

PRESIDENT Urho Kekkonen has put on a command performance to break the prolonged political deadlock in Finland. The country needed a Government commanding a majority in Parliament at a time of economic crisis, so on November 27 the 75-year-old President summoned to the Hall of Mirrors of his palace the leaders of the five parties that had failed for two months to find a common platform for a coalition.

Mr. Kekkonen marched straight to the microphones and began a lecture in measured tones. Both he and the party leaders were fully aware that the message was also addressed to the nation: radio and TV crews were in place.

He said in effect that Finland was in dire straits economically and that he expected the five parties to take office the following Monday. They were to form a National Emergency Government and its programme was to be two words: "secure employment." The Centre-Left coalition was sworn in according to the President's schedule. It was the 58th government in 58 years of Finnish independence.

The Government is led by Mr. Martti Miettunen who was recalled from retirement. A former Prime Minister, he is from the Centre Party and is respected by Left and Right alike. The three non-Socialist parties in the coalition are: Centre (39 seats in Parliament), Swedish (10) and Liberal (9). The Left-wing members are the Social Democrats (54) and Communists (40). It is thus a return to the Popular Front of the late 1960s.

The new Government has the support of 152 of the 200 members of the unicameral Parliament, in theory—in theory because it is doubtful if the dissident Stalinist faction of the Communist Party will in fact support the Government. It is a matter of a dozen votes or so, and thus nothing to worry about.

But there are other things to worry about. The two Left-wing parties, the reluctant partners in this shot-gun wedding, have said that it is no more than a trial marriage. They expect that by the end of January 1976 the coalition will have a full Government programme, not just the two-word command from the President.

The economic problems facing Finland are real, "more difficult than seems generally to be recognised," as the President said. The politicians know them, but seem unwilling to administer what the Finns call a "horse cure." They mean the economy Budget Bill for 1976, presented by the caretaker Cabinet in October.

President Kekkonen

President Kekkonen has been criticised for agreeing with the Communists that the most critical problem is unemployment. It has been running at an annual average rate of 2.8 per cent. in 1975 and is expected to rise to somewhat over 3 per cent. next year, "well below the unemployment level of the Western industrial countries," as Mr. Kekkonen admitted in his lecture. But he wanted the Communists back in office, and this was the way to do it.

The priority tasks of the new Government should in fact be reducing the frightening current account deficit and the national foreign debt, and curbing inflation. The first may rise to FM9bn. (about £1.1bn.) this year, the second is running at a clip of about 18 per cent. The foreign debt may well amount to one-fifth of the Gross Domestic Product by the end of this month. Foreign debt servicing is costing the country annually between 10 and 11 per cent. of the current account revenue.

The Miettunen Government has not had time yet to formulate an employment policy. Clearly, however, it will cost money, and large chunks of the 1976 Budget Bill will have to be re-written. The President said that the job must be done without resort to foreign finance.

Whatever the expedients, more money is going to be pumped into the economy, and at least some of it will have an inflationary effect. That is the very thing that the Bank of Finland has been trying to prevent for some two years now. Mr. Kekkonen specifically said that he understood the contradiction involved.

The collective bargaining agreement for the period after January 1976, when the present trade union-employer contract runs out, will have an important influence on the thinking of the new Government. If wage demands are moderate, the Miettunen Cabinet may have a little room for manoeuvre. If not, inflation will continue at a high rate, impairing the international competitiveness of Finnish industry.

Two trade union leaders arrested in army dispute

BY ROBERT MAUTHNER

PARIS, Dec. 4.

THE ARREST of two trade union leaders for their part in fomenting unrest among France's discontented conscripts marks a dangerous escalation in a dispute which has already led to bitter clashes between the government and the Socialist opposition.

The trade unionists, M. Michel Bourre, secretary of the Left-wing CFDT union for the Bordeaux area and M. Gerard Tussiaux of the Besancon CFDT, were the first civilians to be brought before the State Security Court in the affair. So far, some 15 soldiers have also been imprisoned on charges arising out of their efforts to set up soldiers trade unions.

The arrest of M. Bourre followed the discovery by police that subversive leaflets handed out to recruits at a nearby air force base were printed by the local CFDT's presses.

The CFDT, France's second biggest union, reacted sharply to the arrests and police searches of its offices in several garrison towns.

In Paris, its Secretary-General, M. Edmond Maire, bitterly denounced the authorities' "provocation." The government, he said, was trying to make people believe that a vast campaign of subversion had been organised to undermine the security of the State.

In fact, the authorities were merely attempting to reduce human liberties in order to break the resistance to their iniquitous policies, M. Maire said.

Calling upon all workers to voice their opposition to the government's action, M. Maire said his union demanded that conscripts as well as regular soldiers should be granted the same constitutional rights as other citizens, particularly that of organising themselves in trade unions.

France rejects devolution

BY ROBERT MAUTHNER

PARIS, Dec. 3.

PRESIDENT Giscard d'Estaing to-night reaffirmed his opposition to any thing other than the most anodyne regional devolution. Although he admitted in a TV fireside chat to the nation that some decentralisation was desirable, the President said France was too small to have a federal system like the U.S. or the Soviet Union.

Rejecting proposals, made by a number of prominent politicians, for regional assemblies elected by universal suffrage, M. Giscard said that such a development would inevitably lead to the creation of separate regional administrations and fiscal systems.

France would have four different levels of government, administration, elected assemblies and tax systems — the communes, the departments, the regions and the State—if these suggestions were accepted. This was too much and too expensive for a country the size of France.

Regional devolution should be restricted mainly to the economic sphere and M. Giscard made it quite plain that he did not favour a change in th system under which the 22 Regional Councils have no decision-making power and are made up of appointed members.

Instead, decentralisation should come about by the strengthening of local government at the town level, he said. The Government would initiate a wide-ranging national debate on the subject before introducing legislation in Parliament.

Shortly before the President spoke, the National Assembly adopted by 296 votes to one a Bill to give a Paris its own mayor for the first time for more than 100 years. Since the Paris Commune of 1871, when the workers staged a bloody uprising, the capital has been under the control of two high State officials, the Prefect of Paris and the Prefect of Police.

It will now have a 109-strong City Council headde by a mayor who will hold office for six yeors.

OVERSEAS NEWS

Sadat 'embarrassed' by Israel raids on Lebanon

BY IHSAN HIJAZI BEIRUT, Dec. 4.

IT IS the considered opinion of informed observers here that the strength of the Israeli air strike into Lebanon on Tuesday caused a big embarrassment for President Anwar Sadat of Egypt and prompted him to call for a UN Security Council meeting, with participation by the Palestine Liberation Organisation (PLO).

The Egyptian President had been accused by Syria and the Palestinians of washing his hands of the conflict with Israel when he signed the Sinai agreement two months ago. By taking the dramatic step of calling the Security Council into session and insisting on PLO participation, Mr. Sadat, observers said, wanted to prove that Egypt, as the "big brother of all Arabs," was still in the confrontation.

Observers believe that the Israelis took Egypt too much for granted and were obviously not expecting the Egyptian reaction when their jet fighters attacked Palestinian camps here, killing more than 80 people and destroying over 70 houses.

Observers say that the development has set a significant precedent and that if the current trend of violence continued it could very well dislodge Egypt from its present policy of peaceful process with Israel. To dislodge Egypt could very well be a main goal now for Syria and the Palestinians.

The executive committee of the PLO discussed in an emergency meeting last night under chairman Yassir Arafat what informed sources described as "important military measures."

A PLO spokesman disclosed that the commando leadership has completed plans for the escalation of military action against Israel. The announcement was made at a Press conference here by Mr. Majid Abu Sharar, the head of the PLO's information section.

He declared that the Israeli attack on the Palestinians in Lebanon "should tear up" the Egyptian agreement with Israel in Sinai. "The Egyptian Army and people will not let themselves be paralysed in the face of enemy crimes and continued occupation of Arab territory," the spokesman said.

Observers added that a successful military campaign by the guerillas against Israel, especially if carried out in the Golan Heights with Syrian backing, would definitely bring about Israeli retaliation of the magnitude of the attack carried out here on Tuesday. This was bound to create further embarrassment for President Sadat.

Reuter adds from Tel Aviv: Signs of internal discord over official policies grew to-day when two leading newspapers criticised the Israeli air raids on Lebanon. The widely-respected Haaretz said that using massive air power on targets where there were known to be civilians obviously increased the danger of non-combatants dying. Such a move was not necessary now and the casualties must shock Israelis.

The afternoon paper Yediot Aharonot asked why the air strikes were ordered immediately after a UN Security Council decision to which Israel objected.

● Syria has privately warned the United States and the UN that it would not stand idly by if Israel established new settlements on the occupied Golan Heights, the Arab World news bulletin reported in Beirut to-day. It quoted "informed travellers from Damascus" as saying Syria was deeply concerned at Israel's declared intention to set up four more Golan settlements.

Nigeria sets up corruption bureau

By Our Own Correspondent

LAGOS, Dec. 4.

THE NIGERIAN Federal military Government has taken positive steps to combat widespread corruption throughout Nigeria by publishing a decree providing stiff penalties for private and public officers found guilty of malpractices.

A corrupt practices Bureau headed by former school principal Dr. J. A. Adegbite has been established to investigate allegations of corruption and report its findings to the Director of Public Prosecutions.

After trials by special tribunals to be headed by a High Court judge, guilty offenders will be liable to seven years' imprisonment or Naira 5,000 fine, or both.

The decree provides tougher punishment for members of the Supreme Military Council, Federal Executive and State Councils, and National Council of States, which comprises State military governors.

MPLA claims advance on northern front

BY JANE BERGEROL LUANDA, Dec. 4.

The MPLA to-day claimed substantial progress on the northern front in an official military communiqué.

It said the northern front line had now been pushed back more than 100km. from Luanda, the capital (compared with barely 20km. three weeks ago) with MPLA forces now occupying townships well north of the Caxito crossroads.

On the coastal route northwards, MPLA claims the township of Lifune on the southern bank of Lifune on the southern bank FNLA troops back up the coast road towards Ambriz. Further inland, it reported the taking of Quibaco, significant in that it lies along the northern bank of the Lifune, affording MPLA a clear strike northwards.

Meanwhile, the southern front is reported holding firm against attempts by FLNA-Unita and South African mercenary forces to push across the Queve River.

With the onset now of the rainy season, the pattern of military operations is likely to simplify since many roads will become impassable and major movements will become limited to asphalt and major roads. The hundreds of rivers that flow down from Angola's high plateau to the coast and inland to the Congo Basin are halting advances by both sides, particularly as the number of bridges being protectively dynamited increases.

The MPLA Cabinet met to-day in Luanda to hear Prime Minister Lopo de Nascimento report on his week-end visit to Nigeria following the Lagos decision to recognise MPLA's People's Republic.

● Pretoria: Police reinforcements are being sent to the border between Namibia and Angola to help combat increased activity by insurgents of the South West Africa People's Organisation (Swapo), Police Minister James Kruger said.

Reuter

CAMPAIGNING IN AUSTRALIA

Gough Whitlam at bay

Gough Whitlam: new direction.

Malcolm Fraser: backing ...

BY KENNETH RANDALL, CANBERRA CORRESPONDENT

WITHIN SIGHT of polling day, the Australian election campaign has taken the direction which pundits insisted was inevitable: the sacked Prime Minister, Mr. Gough Whitlam—"the Majority Leader in the House of Representatives," as he now likes to style himself—has throttled back his appeals to be re-elected for the preservation of democratic government, and has plunged just as enthusiastically into economic argument.

The real surprise is that Mr. Malcolm Fraser and his Liberal Party-National Country Party coalition are backing off the issue. Mr. Fraser and his colleagues have given the impression in recent days that, after making the economic running, they would now prefer to talk about almost anything else. They have worked themselves into a corner, as Mr. Whitlam and others have been quick to realise.

At an earlier stage of the campaign the Fraser coalition's position might have looked dangerous. At this stage it is causing no more than mild concern, for two reasons. The first is that Labor's ability to explain and exploit the situation in the time available is extremely doubtful (especially given an archaic law which ends radio and television coverage of the election from next Wednesday until the close of the polls on December 13).

Second, there is growing evidence that the voters have simply lost interest in further argument. According to the latest series of polls, the strong surge of support for Labor through the weeks of constitutional crisis and, finally, the sacking of the Whitlam Government, has gone into reverse. Voters seem to have reverted to the attitudes of three months ago, when their over-riding concerns were not future economic policy and constitutional practice, but current wages, current prices, and current unemployment.

A poll taken last week-end put Liberal-NCP support at 51 per cent. against 43 per cent. for Labor. Results of another poll, conducted a week earlier (and therefore before the official start of either side's campaign) said Liberal-NCP 48 per cent., Labor 42 per cent.

Where they go, the party leaders draw enormous crowds. Mr. Whitlam gave the new direction to his campaigning this week in the New South Wales country town of Queanbeyan (population 21,000) at an open-air meeting which drew 7,000 people—one of them carrying the plaintive placard "I want my Government back." A top-class rock band warmed up the audience with a programme which ended with a blues song, "Shame, Fraser. Shame"—a tune that is belting out from radio and television advertisements around the clock ("How could you have the gall to back your country up against the wall?").

It seems, more and more, that the crowds represent the party faithful on both sides. Latrobe University sociologists in Melbourne have been conducting polls which consistently show 18-20 per cent. of the voters undecided, but the professional polling organisations insist that the figure is no more than 4 per cent. The difference could lie in the fact that Melbourne remains a centre of exceptionally strong Labor support in all polls, but the situation leaves the national campaign planners largely in the dark.

The Liberals' secret weapon for the closing stages of the campaign appears to be the Pakistani financier Mr. Tirath Khemlani, who is reported to be returning to Australia next week. Mr. Khemlani and the petro-dollar loans affair with which he was associated was brought to life again this week by a veteran journalist, Mr. Alan Reid, in an article published by The Bulletin magazine. He claimed that when the loan-raising authority of the former Minister for Minerals and Energy, Mr. Rex Connor, was revoked on May 20, Mr. Connor was given reason to believe that he still had Mr. Whitlam's private approval to continue seeking out loan money. Mr. Reid claimed the basis for this belief to be informal conversations after the business of the May 20 Executive Council meeting had concluded. According to his article, Mr. Frank Stewart, a vice-president of the Executive Council, had "as a matter of conscience" telephoned the details of these conversations to the Governor-General, Sir John Kerr. Mr. Whitlam's response to The Bulletin article was a statement saying only: "Nobody other than the Treasurer had authority to negotiate loans after May 20. Mr. Reid's allegations against me are false."

In the meantime, Mr. Whitlam is ploughing on, apparently with confidence undiminished, with his economic campaign. The essential point of difference between the two sides is that Labor argues for a demand-led recovery, and Mr. Fraser has opted strongly for an investment-led recovery. Yet, curiously, the essential point has attracted negligible public discussion: the campaign has dealt only with fringe issues. Liberal tacticians realised immediately the campaign began that it could be politically suicidal to hack away from the most popular of the Labor reforms of the past three years—notably in the areas of social welfare, health services, urban development, education and aboriginal affairs. The result is that the Liberal-NCP coalition has committed itself, with only minor qualifications, to maintaining existing Labor programmes in these areas.

Mr. Fraser has added his investment incentives, progressive indexing of taxes and stock valuations to inflation, and home buying grants, while admitting that for the rest of this financial year the economic management strategy will basically be that laid down in Labor's budget in August. With Mr. Fraser's promised postponement of quarterly company tax instalments and Labor's budgeted tax cuts which operate from January, the outlook for monetary policy next year has become obscure, to say the least. But unless substantial monetary measures are applied in the face of such a liquidity build up, there would be little chance of avoiding another sharp bout of inflation.

Mr. Whitlam has dealt with the argument in more simplistic fashion. A Fraser Government, he has been declaring, would, in fact, slash welfare spending savagely. "It would spend its first six months dismantling the programmes which represent Labor's greatest achievements," he told the Queanbeyan meeting.

Mr. Fraser's response has been equally simplistic. He likes to compare the national economy with a household budget and talk about the Labor Government having "spent $A6.5bn. (about £4bn.) more than it raised" in the past two years. There could be no sudden reversal of the economic downturn if he won the election, Mr. Fraser said this week. "It's like somebody who is in a car going down the wrong road too fast. You can't suddenly slam on the brakes, go into reverse, and go in the other direction without doing a fair amount of damage and running the risk of a crash," he said. What he would do, Mr. Fraser added, would depend on public service advice after the election.

Time is running out rapidly for Mr. Whitlam if he is to turn the economic argument to any significant advantage—if that is possible.

It is certain that he will not abandon altogether the constitutional issues which brought about the election. Newspaper advertisements supported by more than 1,600 academics throughout the country gave it another airing this week, as did a strongly worded public letter by the eminent jurist, Sir Richard Eggleston, now Chancellor of Monash University in Melbourne. From the outset of the constitutional dispute, Sir Richard maintained that the Governor-General was wrong to sack Mr. Whitlam. Now, after all the arguments seem to have been canvassed, he maintains: "I believe the Governor-General acted on a wrong view of the powers of the Senate . . . . The consequences to parliamentary government of the view that the Senate has power to reject supply have been fully expounded by others. I consider them to be so serious that they overshadow all other considerations. I shall vote for the Australian Labor Party."

SOUPHANOUVONG IS PRESIDENT

VIENTIANE, Dec. 4

PRO-COMMUNIST Pathet Lao leader, Prince Souphanouvong, aged 62, was today named President of the "People's Democratic Republic of Laos," the Laotian National Congress announced here.

It said Kaysone Phomviharn would be Prime Minister, assisted by four Vice-Premiers. The appointments followed yesterday's abolition of the 700-year-old monarchy. Reuter

Fraser slams budget deficit rise

CANBERRA, Dec. 4.

AUSTRALIA'S economic ills, forgotten in the past few days of the general election campaign, re-emerged to-day when published figures showed a big increase in the budget deficit forecast by the ousted Labor Government.

Mr. Philip Lynch, Treasurer in the caretaker coalition administration, released statistics to show that the deficit for the first five months of the financial year was nearly equal to the full year's deficit predicted by Labor.

The figures put the deficit for five months at $A2.735bn. (£1.71bn.) — only $A63.5m. (£40m.) short of the full-year estimate. Other figures issued to-day by the Bureau of Statistics showed that Australia's Gross Domestic Product fell by 2.2 per cent. in the September quarter and investment by nearly 4 per cent.

The new figures triggered an immediate attack by the caretaker Prime Minister, Mr. Malcolm Fraser, and Mr. Gough Whitlam's Labor Party.

Mr. Fraser told an election rally in Sydney the figures were further proof of previous Liberal Party claims that the country was in a deep recession, and described suggestions by former Treasurer Bill Hayden that a recovery was imminent as "utterly false."

But Labour's campaign was boosted late to-night when the Government released figures showing unemployment fell last month by 27,601 to 288,179, or 4.8 per cent. of the work force, in seasonally adjusted terms. In real terms, there was a rise of 18,368 in those registered as unemployed, taking the total to 265,567, or 4.5 per cent. of the work-force.

Mr. Fraser, also spelt out his foreign policy ideas for the first time in the election campaign. He said he would seek to reinforce relations with Britain and the U.S. "We need to maintain special relationships with ASEAN (Association of South-East Asian Nations) countries and with other countries with whom we've got clear, philosophical commitments in common," he said.

Reuter.

Jakarta warns of direct action in Timor

JAKARTA, Dec. 4.

INDONESIA SAID to-day it may take direct action to restore order in Portuguese Timor. The fighting in the colony, which is adjacent to Indonesian Timor, has no direct bearing on U.S.-Indonesia relations but diplomatic sources said the authorities had hoped to avoid strong action, including issuing a formal statement, until U.S. President Gerald Ford's 19-hour visit ended Saturday.

To-day's statement reflected particularly the Government's concern about the proclamation of independence by Fretilin, the anti-Indonesian group that is fighting against four pro-Indonesian groups. Indonesia said to-day that it would take all necessary measures to protect its interests.

Meanwhile, Fretilin troops were reported to have abandoned several forward positions to the pro-Indonesian forces advancing on Dili, capital of Portuguese Timor.

At the UN in New York eight Asian and South Pacific nations proposed that the General Assembly appeal to the fighting factions to negotiate a settlement.

Agencies

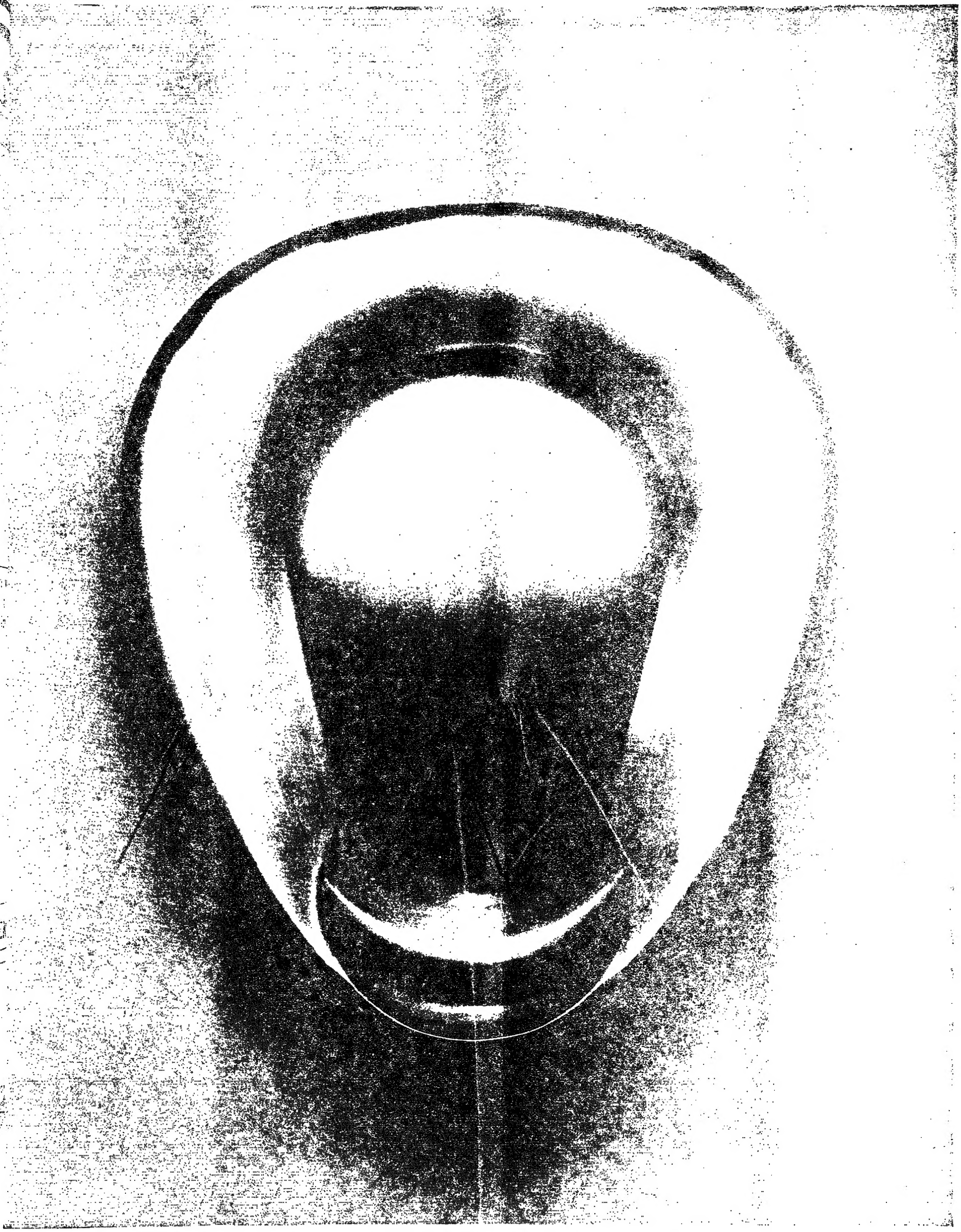
Warning on yen dealings

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, Dec. 4.

THE YEN strengthened marginally against the dollar to-day following a severe warning to banks against speculation issued late on Wednesday by the Governor of the Bank of Japan, Mr. Teiichiro Morinaga. Dealers, however, regard the underlying trend as being still towards a lower yen rate and the Bank of Japan is expected to face difficulty in maintaining what appears to be its new intervention point of Y305 to the dollar.

To-day's closing rate, after a relatively quiet day's trading, was Y304.95, although the market at one point registered a "high" of Y304.70. Turnover on the spot market fell to $66.2m., compared with the previous day's $242.6m., which was the second highest turnover for the year.

Mr. Morinaga's warning that irresponsible speculation by banks would be "penalised" was taken to mean that the Bank of Japan might cut the offending banks' quotas for swapping dollars into yen.



BL sells fewer cars than Ford for second month

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND'S chronic supply shortages were highlighted once again in November, when for the second month in succession, the State-owned group sold fewer cars than Ford.

Several reasons are advanced for British Leyland's problems, which come at an embarrassing time just after Lord Ryder, chairman of the National Enterprise Board, has stressed that failure to perform will endanger further tranches of public money to the company.

The reasons include the launch of the revamped Allegro and Marina models, which led to a run-down of stocks, industrial disputes affecting supplies of both these cars and the Princess, and a higher total market than was originally envisaged.

Superdeal

Some critics also argue that the Superdeal campaign, despite its success in pushing BL's market share up to almost 40 per cent., has had a detrimental effect by bunching sales into earlier months.

Figures issued by the Society of Motor Manufacturers and Traders show that the company achieved only a 24 per cent. share of the market last month with sales of 18,538, against Ford's 28.4 per cent (22,238), and a total import share of 33.8 per cent.

In October, BL achieved only a 22.6 per cent. share, a smaller total than was ever suffered by the private company which was taken over by the Government in August.

Among the importers, Datsun continued to show signs of a deliberate curb on sales, with registrations of only 2,129 against 8,885 last year.

The company's total sales for the year now stand at only a little over 61,000, so the signs are that it will keep registrations below the target of about 63,000 as it promised earlier this year.

The British manufacturers now fear they will still be short of stocks in the New Year, when traditionally the car market looks up, and when the importers will still be in a strong supply position.

There are signs that some of the drop in sales last month was due to delayed delivery which may come through in January.

Renault was the leading importer last month, with sales of 4,135 (5.3 per cent. share), exactly the same as Chrysler U.K., which has suffered from the continuing round of bad publicity as Government talks about its future continue. Vauxhall achieved 8.1 per cent. of the market, selling 6,337 cars.

● British Leyland achieved record exports of trucks and buses in its last financial year with a 75 per cent. increase from sales of £80m. in 1974 to £142m.

Sales were buoyant right across the Layland range from light trucks to double deckers. Almost all the improvements were in developing countries and traditional Commonwealth markets, although exports to Holland also increased.

The expansion has been achieved against a generally depressed U.K. truck market, which is not expected to improve until late next year. Total unit sales were 14,255.

The truck division was profitable last year, although British Leyland itself is expected to announce large losses later this month.

Over the next decade, according to the plan outlined in the Ryder Report, much of its export effort will be directed at EEC markets, where Leyland is not a traditionally strong competitor.

● Both car and commercial vehicle production fell last month compared with November 1974. According to Department of Industry figures, car output dropped by 19 per cent. to 114,000 units, and commercial vehicle production to 30,800 units, which was 20 per cent. below last year's figure.

Over the first 11 months of the year car production is estimated to be down by 18 per cent., and commercial vehicle output by 4 per cent.

'Progress' made in safeguarding Drake & Cubitt division

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

EFFORTS by Drake and Cubitt Holdings to safeguard the future of its building and civil engineering division, threatened by heavy losses on its A305 road contract, have made "considerable progress."

Mr. E. L. S. Weiss, group managing director, who was explaining the continuing delay of interim figures from Drake and Cubitt, said last night that although prospects for the division's future remained uncertain, he was now more hopeful of a satisfactory outcome.

The cash and profit situation elsewhere in the group was, he emphasised, "very healthy."

The civil engineering division has a turnover of about £100m. a year and employs about 7,000.

An estimated £5.7m. loss on the A305 fixed price contract for the Greater London Council has arisen because work on the scheme was seriously delayed after design changes. These followed the structural failure of elevated road sections, similar to those built in to the GLC contract in other parts of the world.

Of the losses involved, about £1m. is likely to be incurred between now and the end of the contract, which is substantially completed. A further £1.5m. was written off by the group in the financial year ending in October, 1974, leaving about £3m outstanding in the financial year just completed.

To lessen the effects of the losses the group has, with the co-operation of the Environment Department, been pursuing all outstanding claims on public authority clients. About 20 contracts are believed to be involved.

Promises

It is thought that the operation, which began about three weeks ago after the Department had said it was unable to arrange any outright financial help, has brought promises of about £2m.

Mr Weiss said that it was because the outcome of these efforts remained unknown that the interim figures for the six-month period ending in April this year still had to be released.

"If these promises to pay from clients are forthcoming, then they will play a considerable part in bolstering the division's profitability. If they are not borne out, then the threat to the division remains," he said.

A Board statement last night said that until the position concerning other contracts was clarified, it was impossible to finalise the interim figures. But, on the basis of progress to date, it was confident that negotiations should be satisfactorily completed in the New Year.

It is thought that the group's figures should follow in February, although they may embrace the whole of the last financial year by then.

The statement added that the overall liquidity position of the company was satisfactory, as the effect of the loss on the A305 contract had been offset by cash generation in other parts of the group.

Mr. Weiss also said that negotiations with the Royal Borough of Kensington and Chelsea on the World's End development scheme in West London were in a "very satisfactory position" and should be concluded early in the New Year.

Home Office rebuked over TV licences

BY A. H. HERMANN

THE HOME OFFICE was frustrated yesterday in its attempt to penalise 17,000 viewers who had taken out new television licences before the end of March to beat April's Budget increase.

Three Appeal judges unanimously reversed last week's High Court judgment in a test case brought by Mr. Andrew Congreve, a London solicitor.

The Home Office was rebuked in strong terms. Lord Denning, Master of the Rolls, said that its conduct was "unfair and unjust" and "unlawful" and the Home Secretary's approach to law was "cynical."

He said: "These courts have the authority and duty to correct a misuse of power by a Minister or his department no matter how much he may resent it or warn us of the consequences if we do."

Lord Denning was referring to a statement made by counsel for the Home Office, who had said that if the court interfered in the case it would not be long before the powers of the courts were called into question.

Right to view

Rejecting the Home Secretary's claim that old £12 licences due to expire at the end of last March could not be renewed before April 1, Lord Denning said that it would mean that a man who was unable to get to a Post Office for days or weeks after April 1 would be guilty of a criminal offence every time he turned on his television set.

Owners of television sets could not be delayed or hindered in the exercise of their right to view pictures in their own homes except under the authority of Parliament, said Lord Denning.

The Minister had no discretion to stop a man who wanted to protect himself by taking out a new licence before the end of March, 1975.

The Court refused a Home Office request for leave of appeal, but it could still be granted by the House of Lords. The Home Office said that the implications of the judgment would have to be considered.

Dealing with the same issue earlier, Sir Alan Marre, the Parliamentary Commissioner for Administration (Ombudsman), found that the Home Office, while guilty of serious maladministration, had acted on legal advice.

Should the Home Office apply for leave to appeal to the House of Lords, it would be an attempt to vindicate the Home Secretary's contention that he had tried to enforce the will of Parliament.

Such an appeal, if in turn allowed, would involve the much wider issue of interpretation of law by the courts and the weight they should give to the spirit of the law as opposed to a literal and technically correct construction of its meaning.

● The National Consumer Protection Council urged the thousands of viewers affected by the ruling to write immediately to the TV licence office demanding that their £6 be refunded within the next fortnight.

BBC puts its trust in comedy

THE BBC obviously hopes that Britain will see 1975 out with a giggle, having placed a very strong emphasis on comedy in its festive season programming. Morecambe and Wise, Ronnie Barker, Michael Crawford and Bruce Forsyth are among the regular funny-men which once more come to prominence over the holiday period.

Morecambe and Wise will appear on Christmas Day with guests Diana Rigg and Robin Day. During the holiday period there will be special editions of Porridge, Some Mothers do 'Ave 'Em, Dad's Army, The Liver Birds, Are You Being Served?, the Generation Game, the Mike Yarwood Show and the Dick Emery Show.

NEDC sets up committee on finance for investment

BY ADRIAN HAMILTON

THE NATIONAL Economic Development Council has set up its long-awaited and potentially powerful committee on finance for investment under the chairmanship of Sir Eric Roll, chairman of S. G. Warburg.

The committee, which has been established at a particularly important time in the growing efforts to provide new sources of finance for industrial investment, is the first NEDC committee to be set up to deal with finance.

It also marks the first time that the NEDC has created a committee representing not only Government, industry and the unions, but also the City.

Among those appointed to the Committee are Mr. I. J. Fraser, deputy chairman of Lazard Brothers and a leading figure in City thinking on industrial finance; Mr. W. G. Haslam, chief general manager of Prudential Assurance; Sir Jeremy Morse, deputy chairman of Lloyds Bank; as well as Mr. Len Murray, general secretary of the TUC, and Mr. F. J. Chapple, general secretary of the Electrical and Plumbing Trades Union.

Industrialists such as Mr. A. E. Frost, finance director of ICI; Mr. J. L. King, chairman of Babcock and Wilcox; representatives of the Treasury, Bank of England and Department of Industry and Sir Ronald McIntosh, Neddy's director-general.

Other members are Mr. L. Airey, a deputy secretary at the Treasury; Mr. J. S. Fforde, executive director of the Bank of England; Mr. A. K. Rawlinson, a deputy secretary at the Department of Industry; Mr. Harry Urwin, assistant general secretary of the Transport and General Workers Union; Lord Seebohm, chairman of Finance for Industry as well as chairman of the CBI's financial policy committee.

Problems

Aims of the committee, which was initiated by the NEDC last summer, will be to "keep under review problems connected with the demand for funds for investment by manufacturing industry, the mobilisation of the finance required, the channels through which it moves, and the related roles of financial institutions."

Unlike the "little neddies," this committee is not charged with producing particular reports.

It does, on the other hand, have unusually wide terms of reference to supervise and initiate action in the finance field, especially in connection with the Government's new industrial strategy.

From the point of view of timing, establishment of the committee is clearly aimed to provide a co-ordinating and review body to oversee the variety of different financial initiatives already underway: Finance for Industry, Sir Henry Benson's equity finance institution, and other ideas.

How far the Committee can or will wish to, develop separate financial moves to those already taking place is still an open question.

The first meeting of the new committee will take place on January 6 and it will not be until then that its lines of development will be discussed.

FREE CYCLE PARK AT 20 STATIONS

To encourage travel by public transport, the GLC is to spend £3,000 on providing free cycle parking at 20 British Rail stations in the London area.

FT CONFERENCE BY SUSAN GLASCOCK

New responsibilities for actuaries urged

A CALL for actuaries to be given statutory obligations of satisfying themselves that the insurance companies for which they worked were solvent was made yesterday by Mr. Mark Weinberg, managing director of Hambro Life Insurance.

He said, however, that he did not want to see any dramatic changes in the present system.

Mr. Weinberg was speaking on the second day of the conference in London on world insurance organised by the Financial Times under the chairmanship of Mr. J. A. S. Neave, general manager of the Mercantile and General Reinsurance Company.

Mr. Weinberg said that unlike the U.S. system of regulations, the British system enabled new forms of insurance to be developed.

The system needed strengthening and there were measures that could be taken that could virtually eliminate the risk of insolvency without in any way inhibiting the development of financially sound new companies.

The disclosure requirements needed tightening up with regard to timing.

Authority

The control authority needed to have access to adequate numbers of trained staff so that it could do a first-class job of monitoring. Thirdly, the control authorities should have wide discretionary reserve powers of intervention.

The actuary of a company was the one person who should have the necessary information at his finger-tips to judge on a continuing basis whether the company was financially sound or whether it was risking insolvency.

"If you have imposed on the actuary a clearly defined legal responsibility for monitoring the financial position of the company, plus a clear responsibility on him to account and report to the Department of Trade in accordance with practice notes or under the umbrella of an intelligently staffed control authority which is well plugged into what is going on in the market, then I think you have a beter chance of avoiding all risk of insolvency."

Mr. Edward Johnston, the Government Actuary, said that the Government had already gone some way towards such a scheme. It had always been accepted that an actuary had a public duty.

"But it becomes a matter of how much public duty can he put on him." The Department of Trade, however, wanted to strengthen the actuary's position.

It was now generally accepted that there should be regulations. "While the actuarial profession has developed principles and standards to which companies' valuations are generally conducted, these have not been embodied in any code having legislative force and the events of the last three years have shown that the discretion allowed to companies is rather too wide."

The Government would set standards for the valuation of both assets and liabilities and the actuary would also have to look into the nature of the assets to ensure that they were the right sort to back the liabilities.

He would also have to allow for all the liabilities including future expenses and policy-holders' options.

The regulations set a minimum standard of strength. "This implies a continuing area of freedom for the company actuary.

It would still be for him on his professional responsibility to decide what basis is actually used, but he must give a full and convincing demonstration that his valuation is no less strong than the bases and methods set out in the regualtions."

The necessity of improving the insurance image was felt everywhere, said Mr. Johann Rueb, member of the Executive Board of Nationale-Nederlanden NV.

Building the image of insurance today was entirely different from 20 or even ten years ago.

"The difference is mainly the result of consumerism, which we started to see as a pest to be exterminated and came to recognise as much more than a passing fashion or political fad, which we learned to accept as a challenge, and which I believe we will recognise as a blessing in disguise."

It would prove to be the incentive needed to pursue the objective of making society "accept and endorse that the indispensable service of insurance should be provided by private, profit-making enterprise being able to move freely across national borders.

Other speakers at the conference included Mr. Olle Kellerman, manager of Skandia Insurance Company; Mr. A. V. Alexander, chairman of Sedgwick Forbes; Mr. David Hill, Lloyds underwriter; Mr. T. D. B. Hitham, director of Willis Faber and Dumas; Mr. W. Birch Reynardson, partner in Thomas Miller and Sons; Mr. Eric Roberts, president of the International Federation of Voluntary Health Service Funds, and Mr. Paul H. Robinson Jun., president of Robinson Incorporated.

WINE SALE

Good prices for clarets

By EDMUND PENNING-ROWSELL

FOR THEIR most important wine sale of the season yesterday, Christies had assembled a range of old clarets and other rareties unequalled since the boom a few years ago: and thanks largely to American and other overseas buyers who dominated the scene, prices often matched and sometimes exceeded those of that period.

First-growth clarets from the 1920s onward flooded through the saleroom while classic vintages of other classed-growths made very high prices. Some of these were from the private cellars of a Bordeaux firm and family whose identity it was not hard to guess.

Top price was £600 for a jeroboam (equals six bottles) of Mouton-Rothschild '29, while four magnums of Latour '29 made £620 per six magnums, and a dozen Petrus '47 brought a record £520. The '45 firsts did well, too, with Mouton-Rothschild making £380 a dozen, Lafite up to £330, Latour £310 and Chateau Margaux £260.

Among the lesser but older wines, an Imperiale (equals eight bottles) Cos-d'Estournel '29 reached £320, a price equalled by six magnums of Gruaud-Larose-Faure, while Beychevelle '29 brought £310 a dozen.

There were also some considerable rarities, headed by a half-bottle of Rudesheimer Apostelwein 1727, sent by the Bremen Ratskeller to the recent German Wine Exhibition in London and there presented to Roy Hattersley, MP, who sent it to Christies on behalf of charities.

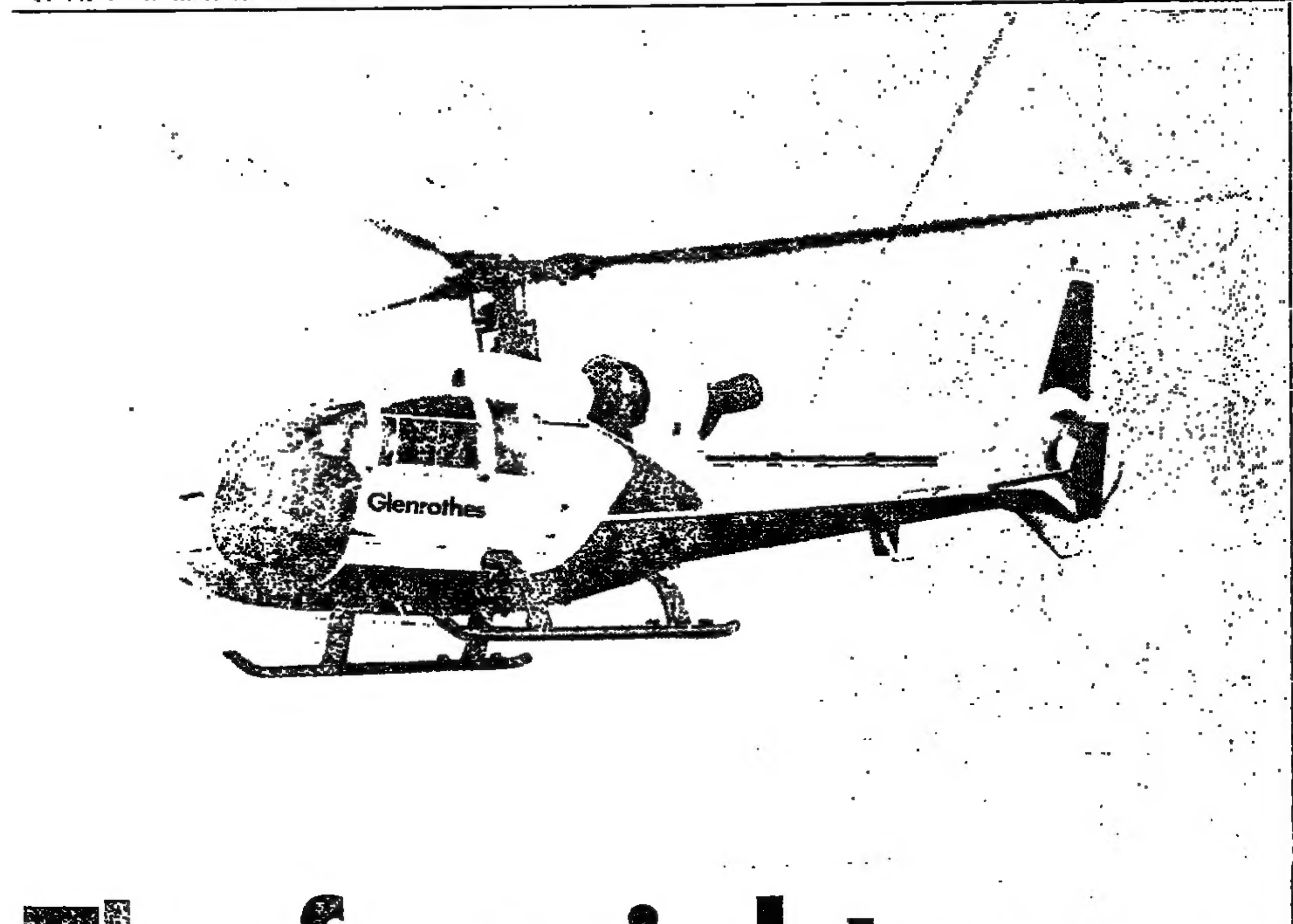
I had sampled a companion bottle at the wine exhibition: it was dark in colour and smelled, and tasted, like Madeira, but was quite sound. Yesterday its fellow fetched £250. Then £105 was given for a single bottle of Lafite 1841, and £100 each for two Lafite 1875. A record £420 was paid for a case of the celebrated Quinta do Noval 1931 port.

But perhaps the most surprising prices were those throughout the sale for a series of Yquems, all of which made record prices. Three single bottles of the famous '21 made up to £145 a bottle, one bottle of '23 brought £40 and another of the '24 reached £62.

Then a pair of '29 fetched £150, and even the '43 secured £80 for two bottles, with further record prices for the '49 (£300 a dozen) and '59 (£230).

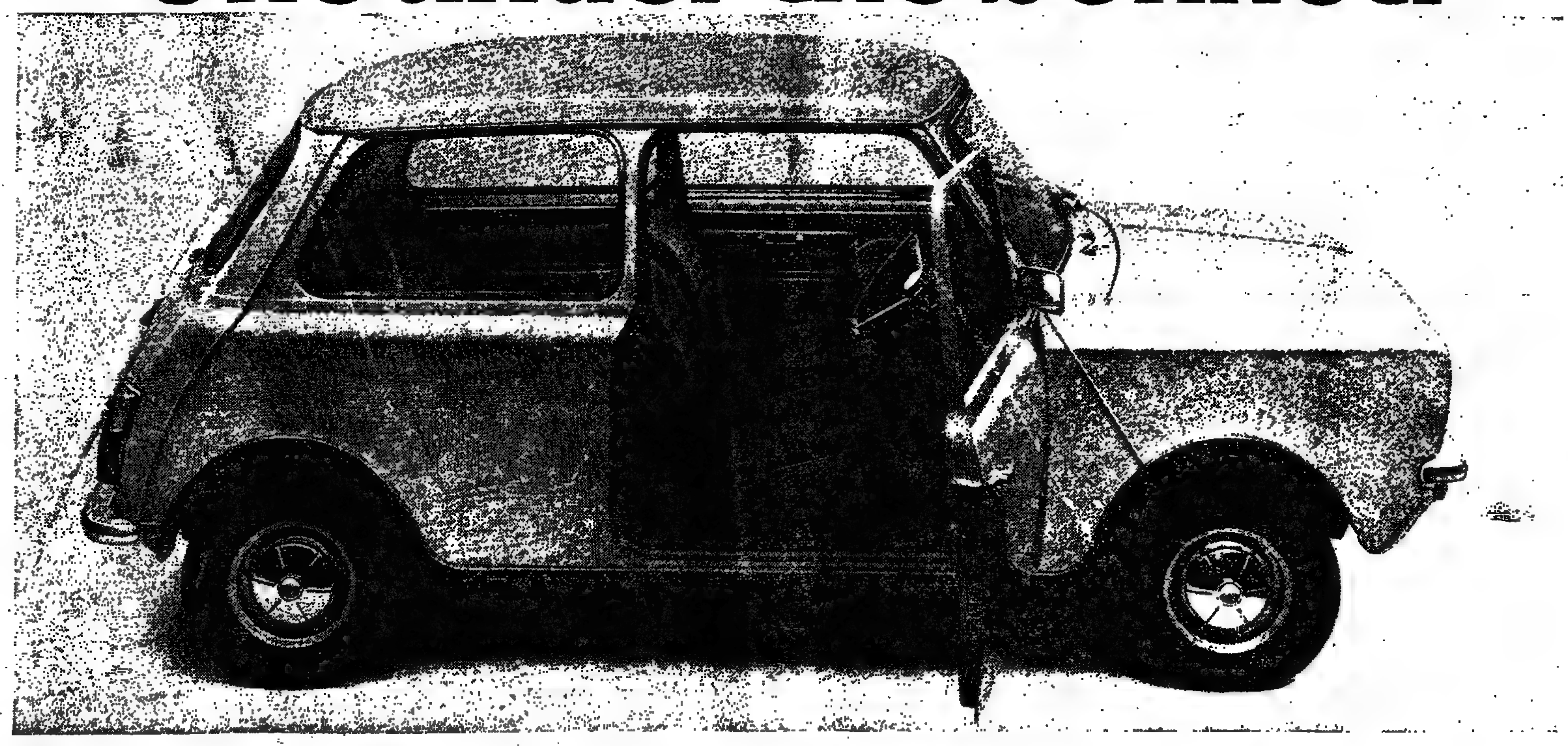
The afternoon sale included a considerable number of sealed bottles and corkscrews. The top price for the former was £130 for a bottle dated 1768.

The sale total was £70,840.



Two appealing new reasons to own a Mini.

One under the bonnet.



One under you.

Under the bonnet of the new Mini® Clubman estate and saloon is a new, bigger engine. 1098 cc.

In a car as critically engineered and precisely designed as the Mini, that change gives you a lot more power.

The Clubman accelerates faster, cruises faster and does both without loss of the famed Mini economy.

And all the Minis – 850, 1000, 1100 and 1275GT – now offer you a new standard of comfort.

The seating's been redesigned: it looks smarter, it's more supportive and it's more relaxing. We've added new body colours and complementary interior trim.

And, of course, Supercover, Leyland's unmatched after-sales commitment.

Test drive a new Mini. And while you're sitting comfortably, enjoy the performance.

Mini

From Leyland Cars. With Supercover.

®'Mini' is a Registered Trade Mark.

Mini prices start at £1298.70 and include car tax, VAT and front seat belts. (Number plates and delivery extra.)

Priority 'must be given to private investment'

BY MICHAEL BLANDEN

THE NEED to restrain the growth of public sector spending and to leave more room for private investment and consumption was emphasised last night by Mr. Gordon Richardson, Governor of the Bank of England.

Mr. Richardson, developing the theme of his recent speech at Mansion House, said that failure to allow for the pressures "would make it harder to get control of inflation and would damage longer-term prosperity."

The public sector borrowing requirement was running in excess of the £9bn. envisaged in the April Budget, against rather more than £4bn. two years previously.

"It is plain that this trend cannot continue. Action is being taken, as it has to be taken, to arrest it.

Starved

"We have to contain this rise in public spending to leave more room for private investment; and more room for private consumption — more room for what consumers buy for themselves as opposed to the services provided for them by government."

Mr Richardson's comments came after signs of concern in the City over the possible inflationary implications of a high public sector borrowing requirement and the prospect that the private sector could be starved of funds when economic recovery gets under way.

Speaking at the annual dinner of the Society of the County Treasurers, he had, however, some reassuring words on the role of local authority borrowing. Recognising the anxiety aroused by the problems in New York, he underlined the strength of the controls and safeguards operating in the U.K., including access to the Public Works Loan Board.

"The arrangements that we have in place in this country are naturally quite different and assure, I believe, against the danger of a parallel situation emerging here."

Mr. Richardson commented on the problems being experienced by local authorities as a result of inflation and the efforts to control public spending.

The authorities could be affected in two ways by efforts to control public spending. Their borrowing—more than £3bn. last year—was an important component of total public borrowing. And the great rise in local government rates had been one of the factors depressing commercial and industrial rents, which could in turn reduce rateable values.

Restraints

"In the City of London, rates on commercial property now appear to exceed half the open-market rent, which cannot be good for business."

In relation to local authority borrowing, the Governor stressed the desirability from the point of view of controlling money supply that the public sector borrowing requirement should be financed as far as possible from outside the banking system. This was helped by local authorities borrowing in the market, and was one reason for the restraints on local authority short-term borrowing.

The rise to a third in the proportion of local authority debt repayable or recallable within a year might deserve attention by the monetary authorities and the local authorities.

Workers co-ops could solve problem of inflation

FINANCIAL TIMES REPORTER

WORKERS' co-operatives could provide the solution to the problem of accelerating inflation genrated by the monopoly power of trade unions, it was claimed.

The view was put forward by Mr. Peter Jay, economics editor of The Times, in the sixth Wincott Memorial Lecture, in London.

An extension of economic competition and the democratisation of trade unions were the two prerequisites of the battle against accelerating inflation in western societies.

Radical steps

Mr. Jay called for a great extension of "the role of the competitive market-place as the principal arbiter of the direction and quantity of the application of economic resources in satisfying the wants and preferences of individual citizens as consumers."

Radical steps must be taken "towards democratising the productive units which presented their wares to the market."

"Working people need somehow to be 'disalienated' enough to become infected with the entrepreneurial realities which confront their present employers so that they will accept a non-inflationary market-determined environment as setting the level of rewards that can be afforded.

"If those who basically believe that individuals must predominate over organisations, that man should be master of the machines and institutions which he has created, all join hands to demand a restoration of the sovereignty of the consumer in the market-place over an extended area of national life and at the same time to demand the sovereignty of the members of an enterprise within it, then the electorate might yet be offered a way out of catastrophe without suspension of political freedoms."

True economic liberals must join hands with true socialists against those who had conspired to make government a universal placebo for all ills. The alternative was "a totalitarian fate of one kind or another."

His solution was the logical, and potentially the political, antithesis to "state capitalism, or corporatism, as now broadly favoured by the central establishment of contemporary political and economic thought, more or less indistinguishably under political parties of either or any colour."

One had to start from a position in which a high level of employment was a politically inescapable desideratum. But monopoly bargaining by trade unions and other market imperfections meant that this high employment could be achieved in the short run only "at a price of a policy—accelerating inflation—which is unstable in the longer run."

But a simple direct attack on the trade unions was not on.

Illusions

"Might it not, perhaps, be different if those working people themselves were the entrepreneurs of the firm, in the sense that it formally belonged to them, that its broad policy was decided by them and that it hired and fired the professional management and decided the terms on which to reward itself, its managers and those who

Effects of higher charges worry Post Office users

BY DONALD MACLEAN

PROSPECTS for the Post Office this year are a matter for "apprehension," the Post Office Users' National Council says in its 1974-75 report.

There was a prospect of a vicious circle of higher prices and falling revenues, with postal services particularly at risk in this context.

The "major task facing the Post Office" was the restoring of public confidence. The work of the council in dealing with complaints and representations from the public had "increased immensely."

The persistent financial problems of the Post Office were tending to deflect attention from real priorities, particularly in postal affairs. Development of an efficient, reliable postal service was "vital" to commerce and the economy as a whole.

Telecommunications must be allowed to provide an efficient and modern service.

Although the national financial situation created the possibility of reductions in public expenditure, cuts in investment programmes in the telecommunications field were to be seen as "dangerously attractive." They produced "little obvious reaction at the time they are made, but the price paid in the future can be heavy."

Shell/Esso to raise gas production

BY RAY DAFTER, ENERGY CORRESPONDENT

THE SHELL/ESSO exploration group is to step up its production of gas from the Indefatigable Field in the southern sector of the North Sea.

The group has ordered another gas platform from which up to six wells will be drilled.

The £1.6m. platform, together with a deck, helicopter deck, and two small modules, has been ordered from Wilson Walton, of Middlesbrough.

Designed as a satellite platform to the main production units, the structure is due to be completed by the end of next July and should be installed later in the year. It will be placed in about 100 feet of water.

The field has estimated recoverable reserves of four to 4.5 trillion (million million) cubic feet of gas although production levels are not disclosed—they form part of a commercial agreement with British Gas. Shell/Esso and other partners in the field have recently been re-negotiating new contract prices with British Gas. The other partners in the Indefatigable Field include British Gas, Amoco, Amerada, and Texas Eastern.

The group said that the exploration team had encountered "severe mechanical difficulties." Any future drilling would depend on new technical studies.

Closer aeronautical links with Europe urged

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WHILE the debate on aerospace nationalisation continues, the industry, through the Society of British Aerospace Companies, is pressing the Government to take a new initiative aimed at closer aeronautical collaboration with Europe.

In a memorandum submitted to the Government by the SBAC, the industry says the U.K. "should unequivocally declare its intention of supporting the European aerospace industry by a policy of partnership between governments, airlines and industry."

The aim should be to provide suitable European aircraft and equipment for home use and for export, within the limits of Europe's technical and financial ability.

On the military side, the SBAC feels that stronger efforts should be made to avoid duplication on new ventures. It points out that the intense competition within Europe on military aircraft development has been of great benefit to the U.S., which has captured markets while Europe has wrangled.

Goldsmith to visit Singapore soon

By Margaret Reid

IT IS almost certain that Mr. Jimmy Goldsmith, the new chairman of Slater Walker Securities, will fly to Singapore soon in an effort to negotiate a settlement of the group's controversial £14½m. loan to Haw Par Brothers International.

No date has been fixed for the visit and it seems unlikely that Mr. Goldsmith—who took over from Mr. Jim Slater at SWS six weeks ago—will go before the end of next week.

There is a strong desire on the part of the recently reconstructed Board of the Singapore-based Haw Par, which was formerly controlled by SWS, for at least a major reduction in the £14½m. loan.

The borrowing was arranged in connection with Haw Par's earlier take-over of SWS interests in Hong Kong, a deal which has been the subject of controversy in Singapore.

Mr. Goldsmith's projected trip underlines the crucial place a settlement of the Haw Par loan question is likely to have in the planning of the future of SWS, whose loans and assets are being scrutinised by accountants.

In Singapore, Mr. Goldsmith would negotiate with the Haw Par's Board, now headed by industrialist Mr. Michael Fam. But it is known that the Singapore Government is concerned with developments.

Haw Par's half-year results, issued yesterday, showed that the reduced pre-tax profit of S$2.7m. for the six months to June was more than accounted for by dividends of S$3.8m. received from the Melbourne unit trust.

The trust was set up early this decade and the large 1972 profits on Haw Par share transactions in Hong Kong were placed in it for transfer later to the company's profit and loss account.

International Company News, Page 23

Cod war offer 'welcomed'

By James McDonald

TRAWLERMEN would welcome the offer by West Germany to help to resolve the British-Icelandic "cod war" if it resulted in Britain receiving a similar offer from Iceland as that made to Germany, the British Trawlers' Federation said yesterday.

The federation said that it wanted the dispute settled on the basis of both equity and objective scientific evidence.

ITV decides against rival coverage of Olympic Games

BY ARTHUR SANDLES

ITV IS NOT going to attempt a rival coverage of next summer's Olympic Games in Montreal to compete with the BBC.

A meeting of ITV senior executives decided against it yesterday after the BBC had refused a compromise solution.

Commercial TV will offer alternative programming—to the irritation of the big companies, the financial relief of some of the smaller ones and the delight, probably, of millions of viewers.

ITV has been trying for several weeks to reach an agreement with the BBC which would have avoided duplicated coverage. All the Olympic's pictures would come from the same Canadian cameras, so only the commentary could be different.

The companies said that the objective throughout the discussions "has been to provide comprehensive coverage of the Olympics, but to avoid presenting British viwers with identical pictures during prolonged periods of transmission on both channels."

A seven-point plan had been put to the BBC—ranging from daily alternation to a daily division which would have given ITV exclusive transmission of coverage up to 8 p.m. each evening, mostly recorded, and the BBC live coverage from 8 p.m. onwards.

The Corporation had rejected the plan and offered ITV an exclusive hour of coverage each evening from 6 p.m. This the companies saw as being inadequate and simply a trailer for later BBC coverage.

The impasse placed the companies in a difficult position. It meant that they had to choose between no coverage—although there will be newscast style reports—and full competition at a cost of at least £500,000.

This would have produced a torrent of public criticism and placed a financial strain on some companies. It is normal in such circumstances for the BBC to get bigger audiences anyway. However, by not screening the Olympics the big companies may get an even smaller slice of the market during the Games period.

Waste paper collections warning to Ministers

BY LORNE BARLING

SERIOUS concern over the continued collection of waste paper by local authorities, one of the vital sources for future recycling schemes, was expressed yesterday in a letter to Mr Eric Varley, Secretary for Industry, and Mr. Anthony Crosland, Secretary for the Environment.

The joint waste paper advisory council, which has been involved in long negotiations to improve the waste collection system, told the two Ministers that it believed that unless the Government offered some encouragement to local authorities, many would cease to operate collection schemes.

Furthermore, the promotion yesterday of Mr. Gerald Kaufman, from his job as Parliamentary Under Secretary at the Department of Industry, means that the second new Minister in nine months must take responsibility for waste collection.

The letter said that the Government should make some statement to reassure local authorities that there would be a future demand for waste. It was feared that cuts in local authority spending would lead to loss making schemes being scrapped in large numbers.

Clamp-down on drinking by fishermen urged

FINANCIAL TIMES REPORTER

A REPORT on the British fishing industry, published to-day, recommends a statutory basis for port disciplinary committees and a tightening up of the rules on drinking.

The fishing vessel group appointed by the Department of Trade concluded in its report that, with the exception of drink, there was no single identifiable cause of indiscipline among fishermen and no single solution to the problem.

The amount of heavy drinking gave cause for concern both from the safety and discipline point of view, the report added.

Report of the Working Group on Discipline in the Merchant Navy—HMSO, 65p. Report of the Working Group on Discipline in the Fishing Industry, HMSO, 65p.

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, December 3. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

SDR1=$US 1.17303

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	186.62
Afghanistan	Afghani (0)	[illegible]
Albania	Lek	4.87
Algeria	Dinar	[illegible]
Andorra	Fr. Franc	4.4450
	Sp. Peseta	59.57
Angola	Ang. Escudo	26.96
Antigua	E. Caribbean $	2.7735
Argentina	Ar. Peso (m)	[illegible]
Australia	Australian $	0.7955
Austria	Schilling	18.47
Azores	Port. Escudo	26.96
Bahamas	Ba. $	1.00
Bangladesh	Taka	[illegible]
Bahrain	Dinar	0.3958
Balearic Is.	Sp. Peseta	59.57
Barbados	Barbados $	2.00
Belgium	B. Franc (cm)	39.36
Belize	B $	[illegible]
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	9.0416
Bolivia	Bolivian Peso	[illegible]
Botswana	S.A. Rand	0.8696
Brazil	Cruzeiro	[illegible]
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	[illegible]
Bulgaria	Lev	0.97
Burma	Kyat	[illegible]
Burundi	Burundi Franc	[illegible]
Cambodia	Riel	[illegible]
Cameroun Rp	C.F.A. Franc	222.25
Canada	Canadian $	1.0136
Canary Is.	Sp. Peseta	59.57
Cape Verde Is.	Cape V. Escudo	26.96
Cayman Is.	Cay. I. $	[illegible]
Cent. Af. Rp	C.F.A. Franc	222.25
Chad	C.F.A. Franc	222.25
Chile	Ch. Peso (cm)	7.50
China	Renminbi Yuan	[illegible]
Colombia	Col. Peso (cm)	[illegible]
Comoro Is.	C.F.A. Franc	222.25
Congo (B'ville)	C.F.A. Franc	222.25
Costa Rica	Colon	8.57
Cuba	Cuban Peso	[illegible]
Cyprus	Cyprus £	[illegible]
Czechoslovakia	Koruna (m)	[illegible]
Dahomey	C.F.A. Franc	222.25
Denmark	Danish Krone	[illegible]
Dominica	E. Caribbean $	[illegible]
Dominican Rp	Dominican Peso	1.00
Ecuador	Sucre (o)	[illegible]
Egypt	Egyptian £ (o)	[illegible]
Ethiopia	Ethiopian $	[illegible]
Eq'tl Guinea	Peseta	59.57
Falkland Is.	Falkland Is. £*	[illegible]
Faroe Is.	Danish Kroner	[illegible]
Fiji Is.	Fiji $	[illegible]
Finland	Markka	[illegible]
France	French Franc	4.4450
Fr. C'Tys in Af	C.F.A. Franc	222.25
Fr. Guiana	Local Franc	4.4450
Fr. Pac. Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	222.25
Gambia	Dalasi	[illegible]
Germany (E)	Ostmark	[illegible]
Germany (W)	Deutschemark	[illegible]
Ghana	Cedi	[illegible]
Gibraltar	Gibraltar £*	[illegible]
Gilbert & Ellice Is.	Aust. $	[illegible]
Greece	Drachma	[illegible]
Greenland	Danish Krone	[illegible]
Grenada	E. Caribbean $	[illegible]

Country	Currency	Value of DLR
Guadaloupe	Local Franc	4.4450
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep	Sily	n.a.
Guinea Bissau	Port. Escudo	26.96
Guyana	Guyanese $	[illegible]
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
Hong Kong	H.K. $	[illegible]
Hungary	Forint (m)	[illegible]
Iceland	I. Krona	167.24
India	Ind. Rupee	9.0416
Indonesia	Rupiah	415.00
Iran	Rial	[illegible]
Iraq	Iraq Dinar	[illegible]
Irish Rep.	Irish £*	[illegible]
Israel	Israeli £	7.10
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	222.25
Jamaica	Jamaican $	[illegible]
Japan	Yen	303.05
Jordan	Jdn. Dinar	[illegible]
Kenya	Ken. Shilling	[illegible]
Korea (Nth)	Won (m)	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Kuwait Dinar	[illegible]
Laos	Kip (m)	[illegible]
Lebanon	Lebanese £	[illegible]
Lesotho	S. African Rand	0.8696
Liberia	Liberian $	1.00
Libya	Libyan Dinar	[illegible]
Liechtenstein	Swiss Franc	[illegible]
Luxembourg	Lux. Franc (m)	39.36
Macao	Pataca	5.60
Madeira	Port. Escudo	26.96
Malagasy Rp	MG Franc	222.50
Malawi	Kwacha	0.9993
Malaysia	Malaysian $	2.5549
Maldive Is.	Mal. Rupee	n.a.
Mali Rp	Mali Franc	444.50
Malta	Maltese £	0.4029
Martinique	Local Franc	4.4450
Mauritania	Ouguiya	44.450
Mauritius	M. Rupee	6.5913
Mexico	Mexican Peso	12.4996
Miquelon	C.F.A. Franc	222.25
Monaco	French Franc	4.4450
Mongolia	Tugrik (m)	[illegible]
Montserrat	E. Caribbean $	2.7735
Morocco	Dirham	[illegible]
Mozambique	Moz. Escudo	26.96
Nauru Is.	Aust. $	0.7955
Nepal	Nepalese Rupee	10.560
Netherlands	Guilder	2.6797
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.7955
	Fr. Franc	4.4450
N. Zealand	NZ $	[illegible]
Nicaragua	Cordoba	7.0262
Niger Rp	C.F.A. Franc	222.25
Nigeria	Naira	0.6329
Norway	Nrwg. Krone	5.5800
Oman Sultanate of	Rial Omani	0.345
Pakistan	Pkst. Rupee	[illegible]
Panama	Balboa	1.00
Panama Canal Zone	U.S. $	1.00
Papua N.G.	Kina	[illegible]
Paraguay	Guarani	111.5

Country	Currency	Value of DLR
P'pl's D. Rp of Yemen	S. Yemen Dinar	0.3454
Peru	Sol	45.00
Philippines	Ph. Peso	[illegible]
Pitcairn Is.	NZ $	[illegible]
Poland	Zloty (m)	[illegible]
Portugal	Port. Escudo	26.96
Port. Timor	Timor Escudo	26.96
Principe Isle	Port. Escudo	26.96
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9850
Reunion Ile de la	French Franc	[illegible]
Rhodesia	Rhd. $	0.625
Romania	Leu (m)	5.0240
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	[illegible]
St. Helena	£ Sterling*	[illegible]
St. Lucia	E. Caribbean $	[illegible]
St. Pierre	C.F.A. Franc	222.25
St. Vincent	E. Caribbean $	[illegible]
Salvador El	Colon	2.50
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	[illegible]
Sao Tome	Port. Escudo	26.96
Saudi Arabia	Ryal	[illegible]
Senegal	C.F.A. Franc	222.25
Seychelles	S. Rupee	6.5915
Sierra Leone	Leone	0.9590
Singapore	Singapore $	2.4982
Somali Rep	Som Shilling	6.2950
S. Africa (S)	Rand	0.8696
S.W. Africa Territories	S.A. Rand	0.8696
Spain	Peseta	59.57
Span Ports in N. Africa	Sp. Peseta	59.57
Sri Lanka	S.L. Rupee	[illegible]
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.7990
Swaziland	Emalangeni	0.8064
Sweden	S. Krona	4.4050
Switzerland	Swiss Franc	2.6530
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	[illegible]
Tanzania	Tan. Schilling	[illegible]
Thailand	Baht	20.40
Togo Rp	C.F.A. Franc	222.25
Tonga Is	Pa'anga	[illegible]
Trinidad	Trin. & Tobago $	[illegible]
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & C.s	U.S. $	1.00
Uganda	Ug. Schilling	[illegible]
Utd. Kgdm.	Sterling*	[illegible]
Utd. A'b Emir	UAE Dirham	[illegible]
USSR	Rouble	0.77
Upper Volta	C.F.A. Franc	222.25
Uruguay	Urug. Peso (m)	[illegible]
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m)	[illegible]
Vietnam (S)	Piastre (m)	[illegible]
Virgin Is. US	U.S. $	1.00
Western Samoa	Samoan Tala	0.6066
Yemen	Rial	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Rp.	Zaire	0.500
Zambia	Kwacha	0.6435

[illegible] not available. (m) Multiple exchange rate. [illegible] per sterling unit. [illegible] official rate.

* Approximate rate, no official rate. [illegible] quoted above rate is same as [illegible]

APPOINTMENTS

Bowater director for strategic planning

Mr. D. J. H. Slater, formerly joint finance director of the BOWATER CORPORATION, has become director for strategic planning. Mr. I. N. Tegner, joint finance director, is now the sole finance director of the corporation.

★

Lord Thomas of Remenham has joined the Board of ANGLO-AMERICAN ASPHALT. He was appointed a director of the company's pipeline protection materials subsidiary, Metrotect, earlier this year. Mr. E. H. Lawrence has resigned his directorship of Anglo American Asphalt to take up the position of general manager of the London division of W. and J. Glossop, a company in which Anglo American Asphalt has a major shareholding.

★

Lord Chelwood, deputy chairman of J. COMPTON SONS AND WEBB (HOLDINGS), will become chairman from January 1. He will succeed Mr. Paul W. Compton, who retires on December 31 as chairman and director after 28 years with the company.

★

Mr. Bernard J. Kingham has been appointed deputy managing director of ITC — INCORPORATED TELEVISION COMPANY and all subsidiaries within that division of Associated Television Corporation. Mr. Kingham, who has been a director and general manager of ITC for the past 12 years, has been associated for 21 years with Sir Lew Grade, chairman and chief executive of the Corporation. Mr. Ian R. Jessel has joined the Board of ITC.

★

Mr. Ivor Lewis, editor of the Evening Echo, Watford, is to succeed Mr. Alastair Stuart as chief London editor of THOMSON REGIONAL NEWSPAPERS in the New Year. As announced earlier this year, Mr. Stuart will then take up his duties as chief assistant to the group's editorial director. Mr. Geoffrey Baylis, editor of the Evening Post, Luton, is to become editor of The Journal, Newcastle, in succession to Mr. John Rees, who will be moving south to take over the editorial chair in TRN's replanned operation at Hemel Hempstead, where the Echo and Post are printed.

★

Mr D. L. Lasdun has been appointed a trustee of the BRITISH MUSEUM in succession to the late Lord Holford.

★

Mr. I. S. McKay, industrial products manager of the agricultural division of IMPERIAL CHEMICAL INDUSTRIES, is to retire at the end of March 1976. He will be succeeded by Mr. J. F. Matthews, currently assistant marketing manager for hydrocarbons and fibres intermediates in the petrochemicals division.

★

Mr. A. E. Church has been appointed managing director of NACANCO, a subsidiary of National Can Corporation of Chicago, U.S. He succeeds Mr. V. Gordon-Saker who is retiring this month.

★

Mr. T. S. Mallinson has been appointed to the Board of the BUILDING CENTRE GROUP.

★

Mr. Kenneth Heap has been elected president of the ASSOCIATION OF ENGINEERING DISTRIBUTORS. Mr. J. R. Bland has become vice-president, and Mr. A. N. Gunn, honorary treasurer.

★

Mr. Joan Currie has been elected chairman at the INTERNATIONAL LIFESAVING APPLIANCE MANUFACTURERS' ASSOCIATION in place of Mr. Erik Buer.

★

Mr. Stanley Walmsley, who is 60, is to retire from the Board of the HAMMERSON PROPERTY AND INVESTMENT TRUST from December 31, to devote time to his personal affairs.

★

Mr. Roy Hussey has been appointed product director of BTR INTERNATIONAL from January 1.

★

Mr. John N. Bays has joined the Board of the CHELTENHAM AND GLOUCESTER BUILDING SOCIETY. He is sales director of Sharpe and Fisher (Building Merchants).

★

★

Mr. R. W. Nicholson and Mr. D. Fairburn have joined the Board of SHELVOKE AND DREWRY, a member of the Butterfield-Harvey Group.

★

Mr. A. P. J. Kinnison, Mr. C. Mery and Mr. J. C. Septier have been appointed assistant general managers of BANQUE NATIONALE DE PARIS of London.

★

Mr. Neville Clark has been appointed quality director for RACAL-MOBILCAL and RACAL-SEATON.

★

Mr G. A. Thomas and Mr. C. G. Timms have been appointed to the Board of PARK PLACE INVESTMENTS.

★

Mr. Malcolm G. Thomas, a general manager of JULIAN S. HODGE AND CO., has been made a director.

★

Mr. Derrick Woods has been appointed managing director of NDCC (U.K.), a new U.K. subsidiary of National Distillers and Chemical Corporation of New York.

★

Mr. R. Santamaria (Banco de Bilbao) has been appointed representative and Mr. E. G. Bruno (Credito Italiano) deputy representative of the FOREIGN BANKS AND AFFILIATES ASSOCIATION from January 1.

★

Mr. I. J. Macbriar, financial controller of GOLDRING, has joined the Board as financial director.

★

Mr. Peter Aspin has been appointed managing director of GILTSPUR PRECISION INDUSTRIES.

★

Mr. J. E. Teddlie Jr. has been elected vice-president and appointed resident manager of MONSANTO OIL COMPANY OF THE U.K., Inc. He replaces Mr. C. K. Reeves who has resigned. Mr. Teddlie will be located in London.

IN BRIEF

'Tories should pay'

The Conservatives should pay the water rate deficit caused by Wednesday's Law Lords ruling on mains sewers, because they had reorganised the water authorities, Mr. John Pardoe, the Liberal MP, said.

Secret ballot call

A call for secret ballots to choose the 15-strong executive of the National Union of Students will be made at the union's conference starting in Scarborough tonight.

Export complaints

Would-be exporters who received complaints "sometimes of shortcomings so puerile one wonders if it really is a British company involved," were criticised by the Duke of Kent at a Sheffield export conference.

● The purpose behind the British Overseas Trade Board's new-look regional export conferences is explained in this week's issue of Trade and Industry by Sir Frederick Catherwood, Board chairman.

Scheme scrapped

Insurance broker J. H. Minet said yesterday it had ceased to market the new guaranteed income scheme, details of which emerged earlier this week.

Small claims courts

Thousands of people in Britain might use small claims courts if more were set up, Mr. Robert Egerton, founder of the experimental Westminster Small Claims Court, said.

Cycle route

A cycle route which would involve closing some roads in Wandsworth to other traffic, is being examined as part of plans to encourage cycling in London.

Chemical fears

U.K. chemical industry could be seriously affected if environment Ministers accepted on Monday EEC Council draft proposals on chemical discharge into rivers and seas, chemical executives were told in Cardiff.

Betting licences

Betting office licences in force last May 31 totalled 14,371, a drop of 466 on the previous year.

Safety certificate

Concorde is to be awarded a U.K. Certificate of Airworthiness by the Civil Aviation Authority to-day.

TENNIS BY JOHN BARRETT

Confidence will sort out who is Master

STOCKHOLM. Dec. 4.

ONFIDENCE. that priceless set which lies at the heart of ery sporting success. may be e determining factor in the ial stages of the $130.000 Com-ercial Union Masters Tourna-ent which has captured the agination of the public here is week.

They have packed the King's ub here to watch their local ayer. Bjorn Borg—who now es in Monte Carlo to protect s 1975 prize money of over 00.000 from high Swedish xation. Borg is looking as laxed and eager as when I saw m winning the French cham-onships last May.

He is covering the court like gazelle and punishing the ball th his whiplash forehand and netrating double-handed back-nd. Although he says he never ays well in front of his expec-nt countrymen, a recent break om the game on safari in rica has given him the relaxed nfidence which will make him e man to beat as the semi-als begin to-morrow after-on.

The holder of the Masters tle. Guillermo Vilas of the gentine. looks confident too. well he might with a second and Prix title under his belt d. earnings this year of 36.675 before the Masters be-n.

However. even if he adds the 0.000 first prize, he will not ertake America's Arthur Ashe the earnings table.

ank balance

After a remarkable season in ich he has achieved both jor targets he has set himself taking the WCT and Wimble-n titles, Ashe's bank balance s been swollen by $315.550—mammoth figure which beats d Laver's three-year-old record prize money won in a single ar by $23,550.

Ashe could well add the first ze this week to that total for is already assured of a semi-al bout regardless of the out-ne of his match against the anish left-hander, Manuel antes.

With Ashe, then, there is the nfidence of achievement but Orantes. there is the com-table knowledge that after a son of might-have-beens in 74 when he was runner-up in e Grand Prix tournaments. he finally matured into the rld's leading match winner in 75. With five Grand Prix gles and five doubles titles in rtnership with Juan Gisbert is two major international gles titles to his credit this ar. Orantes is the most proved player of 1975.

He. too, has an income to prove it. Before this week. he stood second only to Ashe in the table with $252,835 to his credit.

As with all the Latin peoples. Orantes is a player of moods. His shock first-match doubles defeat by the American pair. Sherwood Stewart and Fred McNair, appeared to affect his confidence the following day against Romania's Ilie Nastase. When the match reached crisis point in the deciding set, Orantes was inhibited. He said afterwards he felt tired—a common result of nervous tension.

However. a 7—5, 6—1 doubles victory on Wednesday night against the Germans Jurgen Fassbender and Hans Pohmann, will have given him renewed confidence for his important meeting with Ashe which he had to win to reach the semi-finals at the expense of Nastase.

Suspense

Nastase himself is back to the sort of form that has won him three previous Masters titles. After a poor year this year—he has earned only $139,124—the explosive incident on Sunday night which led to his eventual disqualification against Ashe, seems to have rekindled the competitive fire within him. The The listlessness which marred his 1975 performance, has left him and he has expanded almost visibly in front of an apprecia-tive audience in his wins against Orantes on Tuesday and Adriano Panatta, the gifted Italian, on Wednesday when he finished the match with a flourish of audacious hitting, that earned him the final set 6—0.

As at Boston in 1973, his fate will be decided by others. Then he was cheering on the Czech. Jan Kodes. in his match against the popular American. Tom Gorman. Last night, ironically, he desperately wanted Ashe to win and by the time these words appear. the suspense will be over for all of us.

A refinement to the Masters formula for the future has been suggested by the German referee. Mr. Horst Klostermemper. At present the winner of one group plays the runner-up of the other.

He would like to see the semi-final places drawn for as in Davis Cup-ties—so that the two players in the final match of the round robin series, could not decide which opponents they would meet as has been the case this year. Once he knew the result of the Borg v Vilas match last night. Ashe, certain of his place, anyway, could in theory decide to lose deliberately to select his opponent. Removal of this technical deficiency would improve what is otherwise a splendid formula for players and spectators alike.

Cost of food higher in remote areas

BY DONALD MACLEAN

BSTANTIAL variations in in-idual food prices in areas of U.K. away from main shop-g centres are hidden within a dest average discrepancy. ording to a Price Commis-n report.

n general shoppers in more note places pay some 2.8 per it. more for food than those shopping centres such as mar-towns. But in the North of tland, the average cost of a ical basketful of goods is 7.3 cent. above that in small vns.

The cost of food in small vns is thought to be broadly line in most cases with that major conurbations.

The Price Commission bases figures on prices collected in y. as a spot exercise at a time year believed to be subject to particular seasonal pressures. e report is part of a series; rlier reports covered such sub-ts as diabetic foods and itary towels—while future orts will cover among others evision rentals. privately-rchased spectacles. coal distri-bution and the cost of buying goods in small packs as opposed to large.

Regional figures in the report are based on local spending patterns. These indicate, for instance. that in the outlying areas of North Wales bread was 11 per cent. higher than in small towns while, on the other hand, in Devon and Cornwall fresh meat was 13 per cent. cheaper in some places away from the small towns.

The main factors making for relatively high prices in outlying areas are low turnover and transport costs. The Commission found no evidence to suggest that wholesalers or retailers in the outlying areas might be exploiting their competitive position.

The annual turnover of a small grocer in an outlying area, according to the Commission's researches. "is unlikely to be much more than £30,000. and there is generally little scope for its increase."

Food in Outlying Areas; Price Commission: HMSO. 65p.

PARLIAMENT

Tories show signs of Ulster split

BY JOHN HUNT

CONSERVATIVE front bench spokesman stepped up their attack on the Government's Northern Ireland policy in the Commons yesterday with strident *demands* that **Mr. Merlyn Rees** the Ulster Secretary, should abandon his plan to release all detainees by Christmas and take urgent steps to "liberate the oppressed people of South Armagh."

The heated exchanges and the bitter nature of the Tory criticisms emphasise the extent of the rift which now divides the Opposition from the Government on the Ulster question.

But despite the angry words of most Opposition speakers *there were also the first signs of* a split among Tory MPs with evidence that some of them are by no means in favour of the harder line now being taken by their front bench.

This emerged when Mr. William van Straubenzee (C. Wokingham) a former junior Minister for Northern Ireland in the Heath Government, assured Mr. Rees that there was a much wider measure of support for his strategy on the Conservative benches than he might suppose.

He argued that only Mr. Rees had the necessary knowledge to settle the question of the timing of the release of further detainees. He also pointed out that the strategy which the Government was now following had its roots very deeply in the preparations made by the previous Tory Government.

In fact, he said, the release of detainees had been one of the steps urged on the Tories by some of the toughest and most professional policemen in the *Province, including one in* South Armagh.

Broken up

Mr. Rees, defending his policy and banging the Despatch box for emphasis, declared "I am going to end detention. I am going to get them out."

When that happended, he would be looking for an immediate response from the minority community. "The decision will be theirs. "Are they going to support the forces of law and order? That is going to be the supreme test." he said.

As he spoke, Mr. Airey Neave, "shadow" Northern Ireland Secretary hissed at him that those being released were "assassination squads" but Mr. Rees shouted back: "No, they are not assassination squads."

Turning to the situation in South Armagh he denied that the British troops were outgunned and said that the nature of the terrain there was suitable for troops operating in small numbers. It was unnecessary to send in a mass of men "like John Wayne and the American cavalry."

He had full confidence in the Army's expertise. Although, for security reasons, he did not like to speak of such matters, he revealed that only recently an active service unit of the IRA in the area had been broken up and the members were in prison.

Mr. Peter Rost (C Derbyshire SE) bitterly complained that the security forces were having to fight "with their hands tied behind their backs." He demanded: "How much more U.K. territory is going to have to be surrendered to enemy occupation before the Government realises it has a war on its hands?"

To the accompaniment of Labour jeers, this theme was echoed by one of the Conservative Northern Ireland spokesmen, **Mr. John Biggs-Davison**, who asked: "Will you tell the House and the country to-day that the Government does seriously mean to liberate the oppressed people of South Armagh from the tyranny of terror?"

In his replies, Mr. Rees denied *that there* was no assistance along the border from the Government of Eire. On the contrary, he said, co-operation on the border in South Armagh between the RUC and the Garda "grows and grows every day."

Introduction of the death *penalty for terrorists* who commit murder was raised once more during the exchange. Again, Mr. Rees firmly rejected it on the grounds that it would be counter-productive.

He told the House that 73 people were still in detention but 26 of these were also serving prison sentences and would therefore not be among those released by Christmas. Between January 1 and December 1 this year, 1,136 people had been charged with terrorist *offences in* Northern Ireland. Of these, 130 were murder charges while 541 concerned firearms and explosive offences. He saw this as backing for his argument that it was only through the rule of law that peace could be brought to the Province.

Bankruptcy Bill wins Peers' approval

A BILL aimed at cutting the number of "trivial" bankruptcy hearings was given an unopposed second reading in the Lords yesterday.

The Lord Chancellor, Lord **Elwyn-Jones**, told peers that the Insolvency Bill, which does not apply to Northern Ireland, raised the minimum debt which could support bankruptcy proceedings from £50 to £300.

He said that at present a *creditor could bring bankruptcy* proceedings against his debtor even though he was only owed a comparatively trivial sum. By increasing the monetary limit there will be a considerable reduction in the number of the more trivial domestic and consumer *credit cases subject to* bankruptcy proceedings.

Lord Elwyn-Jones said the Bill simplified the procedure for a creditor submitting his claim in bankruptcy and winding-up porceedings and enabled the court to dispense with public examination *of a debtor in bankruptcy.*

It provided a special procedure for speeding up discharges from bankruptcy and empowered the court to disqualify a person from acting as a director or manager of a company where his conduct justified such action.

A debtor's failure might be due to misfortune or to his own conduct and it would be difficult to lay down fixed criteria for holding or not holding a public examination.

But it was intended, by guidance, to ensure that any order dispensing with a public examination should not be made unless the debtor had submitted a detailed disclosure of his affairs and where the bankruptcy did not involve a large number *of trade creditors.*

Mrs. Thatcher re-elected

MRS. MARGARET THATCHER was yesterday formally re-elected leader of the Conservative Party. Hers was the only valid onmination submitted by the noon deadline.

Under new arrangements the leadership election comes at the beginning of every Parliamentary session.

PM meets sarcasm and jeers over energy deal

You fluffed it . . . and scuttled us, Tories tell Wilson

BY PHILIP RAWSTORNE

Mr. Harold Wilson's retreat from Rome brought him near to *humiliation in the Commons* yesterday.

In a crowded House, only Mr. Andrew Faulds, Labour MP for Warley E., raised a cheer for the Prime Minister's return—and as someone was quick to point out, he's an actor.

The Government had achieved its objectives in safeguarding British interests at the forthcoming energy conference, Mr. Wilson reported amid hoots of laughter. And in the process had enhanced the cohesion of the Community.

But, promptly and firmly clamped in the pillory—where so many of his Common Market manoeuvres have ended—the Prime Minister had to endure 35 minutes of unsparing ridicule from all sides.

Savage sarcasm, jeers and jibes, were flung at him. He was insulted and abused and, above all, derided with scoffing laughter.

Flinch

Now that the Government had so clearly shown its policy of appeasement, shouldn't the next EEC Council meeting be held in Munich? **Mr. Neil Marten** (C., Banbury) stonily demanded.

And even Mr. James Callaghan, Foreign Secretary, *sitting in the stocks* at the PM's side, seemed to flinch.

Mocking Tory MPs leaned from the fringes of the Chamber in anticipation—and they were not disappointed.

Had events in Rome really justified the claims that British *interests had been safeguarded?* **Mr. Douglas Jay**, asked.

The Prime Minister defiantly asserted that they had. But Mrs. Margaret Thatcher retorted that not even his great verbal skill—which was noticeably wearing thin—could disguise the reality of the Government's humiliation in Rome or the antagonism that had been roused among our EEC partners.

"You fluffed it, and scuttled us," the Tories shouted, now mixing it with metaphor.

Mr. Wilson snapped that Mrs. Thatcher was "totally deluding herself" if she believed that the Government could have achieved its objectives in any other way.

But his defence gradually crumbled under the unremitting onslaught. Mr. David Steel hurled *the dismay of* the Liberals at him, and Mr. Gordon Wilson, the distaste of the Scottish Nationalists. "A better course . . . would have been for you to honestly admit the change in policy than

Mr. Neil Marten suggested next meeting at Munich.

attempt to camouflage this abject surrender," he declared.

The Prime Minister clung to the safety of repetition, only for his grip to be prized loose by his own backbenchers.

The only reason for the "difficult mess" in which Mr. Wilson found himself was because he had ignored Labour Party advice, said Mr. Dennis Skinner, without sympathy.

"You are displaying less than your usual fairness and objectivity," Mr. Wilson rejoined, clutching gratefully at Mr. Faulds's welcome for the Government's "sensible and pragmatic compromise."

Minority

But Mr. Faulds, as usual, was in a minority. **Mr. Eric Heffer** heavily and resentfully standing on the Prime Minister's phrases of "going for the moon and landing on Snowdon," suggested that any lunar mission which ended like that would be judged "pretty disastrously."

"You have made a fool of yourself and a fool of the *country*" **Mr. Anthony Kershaw** interjected amid the hilarity on the Tory benches.

Just before they almost collapsed under the weight of delight as **Mr. James Wellbeloved**, from the Labour Right-wing, bitingly informed his Prime *Minister: "Fleet Street* cartoonists will mourn the passing of the British de Gaulle but will no doubt welcome back the Grand Old Duke."

Queen offers to pay £120,000 towards Royal salaries

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE QUEEN has offered to pay from her own purse an estimated *£120,000 in salary* for certain members of the Royal Family who are normally paid by the State through the Civil List arrangements.

Mr. Harold Wilson, Prime Minister, announcing Government acceptance of the Queen's offer in the Commons last night, indicated that it would cover the remuneration of the Duke of Kent, Princess Alexandra, the Duke of Gloucester and Princess Alice, Countess of Athlone.

So the Civil List would now only have to provide for the Sovereign, the Sovereign's consort, their children and the widows of those children, said Mr. Wilson, when the House debated the second reading of the Civil List Bill for enabling the appropriate *payment arrangements* to be made.

Mr. Wilson pointed out that the year-by-year payments for which the Queen was proposing to make herself responsible, would rise year by year with the cost of living, so her total could not be put on the sums she would pay.

The figure of £120,000 was the current estimate. He recalled that the Queen had already contributed £150,000 this year towards Civil List expenses under the offer she had made last February. Her new offer was for a regular annual contribution.

Mr. Wilson said that in 1972 Civil List legislation had provided that £980,000 should be the provision for the Civil List each year. At that time, it was expected that no changes in the arrangements would be needed for about five years ahead.

The Act has required the Royal trustees to notify the Government of any deficit expected in the following year. But there had been no intention of creating a system of annual reviews.

"It is a cause for regret, but inevitably a fact that inflation has affected the cost of running the Royal household in the same way as it has affected everyone else."

Mr. Wilson said that in common with all other "labour intensive" organisations, the Royal household had faced salary increases. Salaries now accounted for three-quarters of its expenditure.

This had made it obvious that the Civil List could no longer be fixed for a period of five years ahead. "*The Government* has therefore decided to recommend the House to agree to legislation providing any further increases for provision for the Civil List shall be subject to the normal House of Commons supply procedure," the Prime Minister told MPs.

"The Bill provides that the Treasury may make payments out of funds for the purpose of supplementing funds to which the 1972 Civil List applies."

Anticipating the usual Left-wing *criticisms, the Prime* Minister stressed that the present Bill was only concerned with the machinery for providing pay. The House would have a later opportunity for debating increases.

Mr. Wilson pointed out that the increases would be devoted almost entirely to paying the going rate for the job to Palace employees.

Any cut in the increases concerned would lead to these workers being paid less than those people doing the same work elsewhere.

Turning to his backbenchers, Mr. Wilson said he was sure they would reject any such course.

PM rejects hanging referendum

THE Prime Minister yesterday rejected a Tory MP's request for a referendum on capital punishment. Replying to Commons questions, he said the use of the referendum on continued membership of the Common Market was "a wholly exceptional process for a unique occasion."

Mr. Wilson told **Mr. Michael McNair-Wilson** (C., Newbury): "Members are quite capable of either representing their constituents in this matter, or of representing fully in debates, and in the division lobbies, their own considered, judgment."

Mr. McNair-Wilson said he himself was opposed to hanging, but he would like to see the public express its view.

Mr. William Hamilton (Lab. Fife Cent.) asked if the Prime Minister would consider a referendum on devolution in Scotland since it was clear "that we are not going to get legislation on the Statute Book on devolution *this session.*"

He added that Scots ought to be given a chance to show whether they wanted complete separation as advocated by the Scottish Nationalists.

Mr. Wilson replied: "I am sure they don't." He thought there would be great opposition to such a referendum. "Everyone in the U.K. has the right to be represented and I repeat that members, when they seek election, ask for the right to speak on behalf of their constituents."

Tory MP attacks 'jobs for the boys'

A TORY MP claimed in the Commons yesterday that Mr. Wilson and other Ministers were spending over £200,000 a year in "providing jobs for the boys."

Mr. Jasper More (C Ludlow) had asked for information about personal advisers appointed by the Prime Minister and other Ministers. He wanted to know what justification there was for "saddling the public purse" with this expenditure.

Mr. Wilson replied that the Government was following a practice which had been carried out in exactly the same way by the previous government.

Mr. John Pardoe, Liberal economic spokesman said that the Civil Service pay research unit was responsible for "grotesque and indecent increases" for civil servants in the last few years.

Mr Pardoe asked: "Will you ensure that the reports of this extraordinary body are made available to MPs so that we can see how they reach their disgraceful conclusions?"

Mr. Wilson said the unit sought to establish comparability between those in private employment and those in the Civil Service, so that people were broadly paid the same rate for the same job. Over the years the public service had lagged behind.

● Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants said yesterday: "The notion that Civil Service pensioners are receiving vast and unjustified subsidies simply does not stand up to examination."

Writing in the union's journal Mr McCall claims that superannuation contributions and benefits are taken into account when Civil Service pay is determined.

Plan for 16 small factories to boost jobs

Financial Times Reporter

THE DEVELOPMENT Commission is to build 16 small factories in rural areas as part of the £30m job creation programme announced in September by the Chancellor of the Exchequer.

The new factories will cover 53,000 square feet of floorspace and could provide about 200 jobs.

The units will be in Cumbria, Northumberland, Lancashire, North Yorkshire, Devon and Shropshire.

Last month, the Department of Industry gave details of a programme of advance factories estimated to cost about £9m. to provide about 3,500 jobs, which would be built as part of the overall job creation package.

The 16 factories to be built by the Development Commission are additional to the Department of Industry's programme.

Lamp workers to lose jobs

ABOUT 500 workers will be made redundant in the Bradford area as a result of the decision *by a lamp-making company* to cease trading.

Endura Lamps is to phase out production at its three plants over four months, beginning next month.

The company blamed the economic recession and the fact that people were taking more care in the use of lights in shop displays.

● Bradford textile company Lister, is to close its 60-man mill at Addingham because of the recession, escalating wage rates and overheads.

Social payments choice for 'two-job' workers

FINANCIAL TIMES REPORTER

THE GOVERNMENT is planning to authorise arrangements, taking effect from April 6, 1976, to enable certain employees with more than one employment to avoid having to pay excess National Insurance contributions *which subsequently fall to be* refunded.

Announcing this in the Commons yesterday **Mr. Brian O'Malley**, Minister of State for Social Services, said the new arrangements, to be made under Regulation 41 of the Social Security (Contributions) Regulations 1975 would apply in cases where it was clear that contributions from one or more of an employed earner's employments would in total exceed the annual maximum.

In such a case, he explained, the employee would be able to apply to defer paying contributions on earnings from any other of his employments so that such *contributions were not paid* beyond the annual maximum. Alternatively, he would be able to avoid excess payments by paying in advance a sum equal to the annual maximum so that no further contributions would be required.

Next week's business

COMMONS business next week is:

MONDAY: Debate on the effects of Governmental policy on offshore oil; motions on the European Communities (Definition of Treaties).

TUESDAY: Trade Union and Labour Relations (Amendment) Bill, second reading.

WEDNESDAY: Armed Forces Bill, second reading; motion on the *Army, Air Force and Naval* Discipline Acts (Continuation) order, OECD Support Fund Bill, and Moneylenders (Crown Agents) Bill, remaining stages; motion relating to the Temporary Speed Limit order.

THURSDAY: Private Members' *motions:* Civil List Bill, remaining stages; Northern Ireland motions on emergency provisions.

FRIDAY: Private Members' motions.

MONDAY (December 15): Dock Work Regulation Bill, second reading.

Lords debates are:

TUESDAY: Statute Law Revision (Northern Ireland) Bill, Fatal Accidents and Sudden Deaths Inquiry (Scotland) Bill, Trustee Savings Banks Bill, second readings; debate on special report from the Select Committee on the County of South Glamorgan Bill.

WEDNESDAY: Debates on the report of the Renton Committee on the preparation of legislation and on use being made by the National Health Service of the David Salomons Science Theatre.

THURSDAY: Army, Air Force and Naval Discipline Acts (Continuation) order; debates on the pay, pensions and perquisites of civil servants, and on the second report of the European Communities Committee on migrant workers.

LABOUR NEWS

Ferrybridge six conciliation attempt fails

BY CHRISTIAN TYLER, LABOUR STAFF, IN LEEDS

A FINAL attempt to settle "out of court" the closed-shop case of the "Ferrybridge Six" power station workers failed yesterday.

A conciliation officer from the Independent Advisory Conciliation and Arbitration Service was called in at the suggestion of the chairman of the industrial tribunal in Leeds which is hearing the men's claim that they were unfairly dismissed by the Central Electricity Generating Board.

The hearing was adjourned while the parties conferred for more than three hours without success.

It had been hoped that at least four of the men—dismissed in September for not joining one of the four manual unions in the industry's closed shop—could be reconciled with their employer because they had applied, although under protest, to join one of the four recognised unions, the Amalgamated Union of Engineering Workers.

The union rejected their application as none had belonged to it in the past.

Two of the six men, including Mr. Bill Sarvent, general secretary of the unrecognised Electricity Supply Union, maintained their refusal to join any other union.

The tribunal was told that the applications to join the AUEW had been rejected because otherwise the AUEW would be breaking TUC rules forbidding unions from "poaching" each other's members.

Mr. Ronald Clyde, deputy station supervisor at the Ferrybridge works—who interviewed the ESU members and ultimately dismissed them—said that they had not wanted to rejoin their old unions because they felt that they would be treated as "rebels."

Mr. Alan Pardoe, counsel for the six, produced a letter from the AUEW convener at Ferrybridge to a district official in which he said that if the men were taken back there would be "severe industrial action, not only in Ferrybridge but throughout the Yorkshire region."

The stewards were convinced, the letter said, that the men would "continue their campaign of abuse and propaganda against the four unions."

The hearing continues to-day and Monday.

NUJ urges strike over claim for juniors

By Our Labour Correspondent

THE NATIONAL Union of Journalists is recommending to 9,000 journalists employed on provincial and London suburban newspapers that they reject the latest pay offer from the Newspaper Society and strike from Wednesday.

The society has agreed to the union's claim for a flat £6 a week increase for senior journalists from January 1, in line with Government and TUC policy, but the dispute centres on the treatment of trainees over 18.

They were first offered only pro-rata increases—ranging from £2.40 to £5.70, while the union claimed the full £6.

On Wednesday the Society offered to pay juniors 18 and over the £6 from January, but to dock the balance over its earlier offer from the age or service increment each junior would receive next year.

But this was rejected and the union's joint standing committee has now recommended that its chapels (office branches) reject the offer at meetings to-day. If the offer is rejected the union intends to give immediate notice to the Newspaper Society of a strike from Wednesday morning.

Determined

Mr. Kenneth Morgan, NUJ general secretary, said yesterday: "We are determined that if we abide by the TUC's anti-inflation policy the employers should do so too.

The difference between the value of the employers' offer and the union's claim was "a mere £80,000 to £100,000, spread over the whole year and over every provincial newspaper," he said.

"It is less than £2,000 a week over England, Wales and Northern Ireland—but to the individual journalist it can make a difference of £3.40 a week for almost a whole year."

The Newspaper Society said last night that it was disappointed at the NUJ's recommendation and warned that strike action "at this critical time could imperil the security of many jobs in the industry."

TGWU demands action to cut unemployment

MORE PRESSURE on the Government to take further measures to cut unemployment and create jobs came yesterday from the Transport and General Workers Union, Britain's largest trade union.

A statement from the union's executive council to the Prime Minister, the Chancellor, the Employment Secretary and the TUC, urges action "without delay."

"Present levels of unemployment are totally unacceptable," says the union, urging the Government to "secure a reduction in unemployment and to develop further job creation measures."

They should include:

Immediate imposition of selective import controls in industries such as motor cars, clothing and footwear, yarn-making and TV tubes;

Lifting of hire purchase restrictions to promote the sale of British goods;

Reduction of VAT on household consumer durables and electrical appliances;

Major extension of the temporary unemployment subsidy scheme to avoid redundancy;

Provision of a substantial number of increased training and re-training places including payments equivalent to wages to trainees, particularly school-leavers;

Development of a programme of community industries and public works in all areas of high unemployment;

Payment of special winter fuel bonus to pensioners and the early raising of retirement pensions to 50 per cent. of average earnings for a retired couple and one-third of average earnings for a single person;

Raising of the income tax allowance threshold to reduce taxation on below-average incomes.

IN BRIEF

Leaders to meet

Railwaymen's and dockers' union leaders are to meet soon in a bid to dispel the National Union of Railwaymen's fears that Government proposals to extend the National Dock Labour Scheme could jeopardise the jobs of 6,000 NUR members who man cranes and dock gates in British Transport Docks Board ports.

Pension appeal

The Government should announce a date when negotiated improvements in company pension schemes can be implemented outside pay policy limits, according to Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff.

Jobs to go

Rolls-Royce disclosed yesterday that a further 100 jobs, making a total of 500, are to be phased out at its Derby works because of reduced orders.

Secretary elected

Mr. Bob Stube, a cabinet maker, has been elected general secretary of the Furniture, Timber and Allied Trades Union from next September. He succeeds the late Sir Alfred Tomkins.

Llanwern furnace talks 'should resume on latest BSC offer'

BY OUR LABOUR STAFF

PAY CLAIMS by the National Union of Blastfurnacemen for manning the British Steel Corporation's controversial new [illegible]m. furnace, at Llanwern, South Wales, implied an "enormous reversal" of the present pay structure, and talks should resume on the basis of the Corporation's latest offer, an independent court of inquiry recommended yesterday.

To make the £100 a week maximum offer more palatable to the union, the inquiry suggested that two elements could be improved without, however, recommending any figures.

The court, set up under the auspices of the Advisory, Conciliation and Arbitration Service after the pay dispute had threatened to spread into a Corporation-wide strike by 13,000 NUB members, reiterated its appeal to the union to co-operate in commissioning the new furnace without waiting for an agreement on pay.

The three-man court was chaired by Sir Richard Way, principal of King's College, London, who was flanked by Mr. J. Nicol, vice-chairman of [illegible]cas industries, and Mr. Will [illegible]ynter, former general secretary of the National Union of Mineworkers.

Investment

It found that the NUB's claim for a £100-a-week minimum for the keeper—the senior blastfurnaceman on the job—rising to £115 at full output and performance was difficult to accept. The claim was fundamentally based on two factors: that blastfurnacemen were key figures in the iron and steel making process; and that the new large furnace at Llanwern would have much higher output than any of the existing furnaces.

It was not legitimate to pay the small group of men whose productivity had increased "as a result of technological advance and an enormous investment of public funds" very much more than other groups of workers who had previously been ahead in the pay league or than men doing rather similar work on other furnaces.

"We believe that the earnings of the crew at Llanwern should be based on their personal effort in relation to the process on which they were employed, and not solely on the amount of molten iron which modern technology and vast capital investment have enabled to flow under their feet."

The NUB's claim would have given the keeper on the new furnace £20 a week more than the steelmaker—at present the highest paid operative in steelworks—and £28 a week more than the keepers on the two older furnaces at Llanwern.

It would have brought even the lowest-paid blastfurnacemen on the new furnace ahead of the steelmaker and the other keepers.

The court could not "even begin to visualise circumstances" which might justify such differentials.

Part of the difficulty arose from the fact that at present the individual unions in the Corporation were negotiating separately on pay.

Settlements

This led to situations where "settlements already concluded with other unions so restrict the management's freedom of action as to make it difficult to reach agreement with another union in a subsequent negotiation."

To avoid such problems in the long term, the BSC and the 16 unions represented in the TUC Steel Industry Advisory Committee should aim at setting up joint councils at works level and, ultimately, a National Joint Council for the industry on which all matters, including pay, could be negotiated.

The court said that it shared some of the reservations expressed by the NUB on job evaluation, which the BSC wants to introduce.

But while job content and individual effort should be the main basis for the earnings of different groups of workers, "we must accept that some type of job evaluation must be used to this end."

Immediate

In its comments and recommendations on the immediate issue—pay for operating the new furnace—the court said that "negotiations had apparently broken down at a stage at which neither side gave us much evidence of really understanding the other's position."

The Corporation's final offer in September had included a substantial sum on account of a Work Measured Incentive Scheme "of which there had been no serious discussion with the NUB." The WMIS-related offer was for a £7-a-week lead-in payment, and a further £7 when 100 per cent. performance had been attained.

The NUB claim for £100 rising to £115, on the other hand, gave little indication how it was made up and no convincing explanation of how it could be reconciled with a situation in which the keepers on the other two furnaces would be receiving some £28 a week less for doing broadly similar work.

"All this leads us to the conclusion that negotiations should be resumed where they left off, with a real attempt to discuss the offer made in the Corporation's letter of September 9, 1975."

To help the further progress of talks, the court said, the following implications should be borne in mind: the benefits of new technology and increased productivity should not only go to the workers directly involved, but be shared "with others who have legitimate claims."

Present relativities between the furnace keeper and the steelmaker must be taken into account.

Important

A WMIS scheme, already introduced in other departments at Llanwern, should be negotiated for the blastfurnace section.

This was more important than differences between the two sides whether there was still a negotiated tonnage bonus scheme in existence or not. (The NUB wants to retain some tonnage bonus for Llanwern after the furnace, whose capacity is twice that of the existing ones, comes into operation.)

The court said that there was a case for increasing BSC's offer of £7 lead-in payment for WMIS on the new furnace, especially for the keeper, in recognition of potential problems during the commissioning process.

It also suggested that if performance on the furnace should be better than 100 per cent. of standard, "the proposed WMIS will yield commensurately higher earnings."

"We think that the agreed final settlement should be made effective from the date of commissioning of the new furnace and we hope that the NUB will agree to begin the commissioning now on that basis pending the conclusion of the negotiations."

On industrial relations in BSC, which had figured largely in the court's hearings, it said that "a lot of repairing" was needed.

COMPANY NOTICES

CONTRACTS AND TENDERS

APPOINTMENTS WANTED

PUBLIC NOTICES

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Saves a third on telephone bills

IF TELEPHONE bills to a company with a largish PABX can be reduced by anything between 10 and 40 per cent. a year simply by installing a recording and analysis unit which acts as a watchdog over the network, no manager under pressure to reduce operating costs can afford to ignore the existence of such a unit.

Several are on offer and the newest one to be launched on the U.K. market was originally designed to Canadian government standards and has been widely installed in Canada. A new company has been set up to sell and support the equipment in Britain under the name of Interscan Communication Systems, Hoechst House, Salisbury Road, Hounslow, Middlesex (01-572 2871).

It is likely that, depending on the type of traffic, the Interscan traffic data analyser (TDA) will be justifiable for PABX installations of down to 100 lines, which will be a considerable advantage in the U.K. market where there are something like 1,700 potential users. One factor to be considered, though, is the rate of installation of new electronic exchanges which will have the reporting, recording and analysing facility built in as a matter of course. In the present economic climate it seems that many who could benefit from a TDA will install it as a preliminary step.

What the equipment does is to produce a magnetic tape record of traffic flow data on exchange services, trunks, etc., saying who phoned where and when and how much the call cost.

This tape can be manipulated to provide department breakdowns and show where the company's network is under-employed or overloaded, also pointing up outside lines that are perhaps defective.

In effect, this means that apart from the curbing of frivolous use, the device can operate to provide a far more efficient running of the service.

More on this equipment and its method of employment from Interscan on 01-572 2871.

Another way of containing costs, particularly for companies whose staff are frequently required to make lengthy long-distance calls, is to use a call meter.

Telecost is the name of the unit, a desk-top device which otherwise acts as an electronic digital clock.

Switched when a call is being made, it will give a changing display as the cost accumulates and this—particularly where trans-atlantic or far eastern calls are in progress—is enough to keep the most garrulous terse and to the point.

Custom Electronics (Poole), 14, High Street, Poole, Dorset, BH15 1BP (02013 71837).

● PRINTING

Press does all the job

FOR AN American customer, Timsons has designed a press which has a most complicated set of auxiliary operations. Virtually complete booklets in a great variety of forms are produced by processes which are largely automated.

The machine, being shipped to New York is for Arthur Friedman's ASF Instant Guides. It produces cut step-indexed, perfect bound booklets and books with protective plastic windows, collated and ready for use. The books are intended for promotional and instructional purposes, from dictionaries, address books, instant guides and manuals, to cookery recipe books and large, indexed technical data books for scientific and industrial uses.

Timsons, Perfecta Works, Kettering, Northants.

● METALWORKING

Reliable welds on wheels

AUTOMOTIVE wheels are subjected to severe internal stresses during their normal working life and as they are manufactured by spot welding the centre hub to the outer rim, the welds are of critical importance and need to be of consistent high structural and fatigue strength.

To ensure the production of high quality welds on this application, British Federal Welder and Machine Co., of Dudley, West Midlands, has applied a three-phase welding system, used in the aircraft industry, to the new automotive wheel welding machine recently supplied to the wheel division of Dunlop.

Capable of welding wheels from 10-inch to 16-inch nominal diameter, the machine takes three-phase ac supply and rectifies it by six-phase banks of water-cooled silicon power diodes to produce direct welding current up to 30,000 amps at each of the four weld heads, while maintaining a fully balanced high power factor load on the incoming mains supply.

Each of the four spot welding stations is equipped with its own control unit to provide independent adjustment for accurate balancing.

The four spot welding heads are radially mounted around a central gauging and location fixture which indexes once to produce eight spot welds per wheel.

Of the self-compensating type, they consist of a fixed and moving electrode assembly with a biasing cylinder coupled between the main machine frame and moving electrode to enable both electrodes to retract clear of the component for loading and unloading purposes.

A welding pressure of up to 6,000 psi is applied by means of a tandem air cylinder. The electrode holders form an integral part of the weld head and carry taper fitting electrode tips in hard copper alloy, with extractor nuts for easy removal and are profiled to form an elongated weld nugget.

Production achieved on the machine is up to 500 wheels per hour.

British Federal is on Dudley 54,701.

Drilling and tapping speeded

AN AUTOMATIC drill and tap machine, with built-in programme selection, produces and taps a total of 29 holes on three faces of components, with savings in handling and machining time.

Whiteway Engineering Company, 50, High Street, Kingswood, Bristol (0272 674220), which developed and built it, says the machine offers vertical indexing for economy in shop floor space, a selection of automatic programmes with interchangeable cluster boxes for handling alternative work, and sensing devices to halt the machine in the event of drill breakage.

Produced for Bendix Westinghouse, it is designed principally for drilling and tapping twin cylinder compressor bodies, used in heavy vehicle air brake systems, and produces all the threaded holes for the head mounting studs and other attachments.

Machining gear boxes

TO UNDERTAKE machining on elevator gear case castings of varying sizes, equipment has been designed and built by Walter Lawrence Engineering, Broom Hills Industrial Estate, Rayne Road, Braintree, Essex (0376 21651). The machine will carry out turning, boring, outfacing and drilling operations from four directions.

Developed for Otis Elevators, design modifications will enable the machine to accept other components.

Components are loaded by an overhead transfer mechanism. Hydraulic pushers and clamps position the component and, when correct, lights show "ready to machine." After the safety guard is closed, twin start buttons can be depressed.

The auto-cycle commences with two horizontally opposed boring and outfacing heads cycling simultaneously. On completion of this cycle, the second set of horizontally opposed units will cycle, achieving a twin spindle boring operation and a single spindle drilling operation.

On completion of the secondary cycle the sequence is complete and the component can be unclamped and removed, via overhead grabs.

● PROCESSES

Steaks by hydraulic pressure

FOR THE semi-automatic processing of frozen "steaks" the Denison Division of the Abex Corporation, Columbus, Ohio, U.S., has developed two hydraulic presses, one of 12 U.S. tons capacity bench type, and the other of 20 U.S. tons capacity door type, both fitted with six-station index tables.

Flaked raw beef is conveyed at up to 10,000 or 12,000 lbs per hour to a blender which disperses fat content uniformly through the meat. Portion-sized patties of this material are moulded at the rate of up to 3,600 per hour. Total weight can be varied at this point. The fabricated raw material has adhesive properties which cause it to bond in a way ground meat cannot.

These preformed fabricated patties, frozen to −30 deg. F. outside and −5 deg. F inside during a trip through a nitrogen tunnel are then ready for the pressing operation. The index table of the Denison press carries six pressing dies to which the patties are fed. A pressure of 12 U.S. tons is exerted on the meat to weld each patty into uniform steak shape portions that it is claimed look and taste like whole muscle steak.

The total time for the boneless beef to be flaked, blended, formed, frozen, pressed and packed is 20 minutes.

Gaston E. Marbaix, Bessemer Road, Basingstoke, Hants, RG21 3NT (0256 3141) is the selling agent for Europe and licensee for the manufacture of the Denison range of hydraulic presses and accessories.

Slits, seals and shapes

A. FULTON Co., of Simon House, Butcher Row, London E14 8DT (01-790 6555) has developed a machine for slitting and simultaneously heat sealing the edges of any thermo-plastic material, for example, nylon fabric.

The company says that while there are several similar machines capable of cutting ribbons, it believes this machine is the only one which will also cut contours of any desired shape and size, providing a continuous line is cut.

The machine has two cutting bars with six cutters on each. Sealing heat level is adjustable. Maximum material width is 1.32 metres.

Electrically powered (single phase), it has a cutting speed of 2.05 metres/minute for shapes and 4 metres/minute for ribbons.

● DATA PROCESSING

Accounting costs pared

MUCH OF the work of a fully-fledged computer can be performed by the Store 32 Logic 3000 accounting unit by Office Data Systems of Twickenham, yet the price of this equipment start as low as just over £2,500 or a rental of £70 per month.

A complete working system including software would be around £2,750 and be capable of ledger posting covering all aspects of sales accounting, purchase accounting and nominal accounting; stock recording; payroll and sales invoicing.

In invoicing, the system provides for variable unit pricing and all basic control and analysis totals, as well as statutory VAT requirements.

Payroll, payslips and earnings record cards are produced simultaneously and the routines include simple build-up to gross pay, automatic detection of pick-up errors, etc.

Programs are stored on tape cartridges and devices available for use with the equipment include automatic front feed and a high-speed continuous form feed. Output is on a heavy-duty IBM serial printer with golf-ball head, providing a choice of founts.

The company is at 7, York Street, Twickenham, Middx. (01-891 2201).

Recording stocks simplified

WITH THE pressing problem of stock recording in mind, Senodean has evolved "Stocktaker" as an addition to its electronic stock control machines.

This is a fully portable unit for the recording of information in any situation. It has a calculator type keyboard with a large digital display, which is cable-connected to the portable magnetic cassette recorder.

Stocktaker is a rechargeable receive/transmit unit allowing information keyed in to be transmitted automatically via the portable interface unit, either directly into a processor or over GPO lines. It can also be plugged into a printer to give a hard copy of data collected off-site.

A typical working system will allow an operator to record part numbers and quantities of 1,000 items in approximately 1 hour in an actual installation and provide a full stock report including valuation in 15 minutes on the Stockdisk stock control system.

There is a complete range of units to allow Stocktaker to be dovetailed into any existing system, including a small line printer and GPO modem. A light pen attachment will be available next year.

Senodean, Wedmore, Somerset (0934-712166).

Eurocom in French move

EUROCOM Data (Holdings), the computer output to microfilm bureau, has reached agreement with Compagnie Generale de Micromatique of Paris which will represent Eurocom in France.

Under the terms of the agreement, CGM, one of the major French COM bureaux, will support Eurocom's multinational customers in and around Paris. Eurocom will licence CGM to use and market Eurocom's range of 40 COM software indexing packages.

The association with CGM is in line with Eurocom's plans to meet the growing demand for COM service in Europe. Eurocom now offers service from a total of nine centres: three in the U.K., three in Sweden, two in West Germany, and the new one in France.

Eurocom is jointly owned by National Westminster Bank and U.S. Bancorp of Oregon, parent company of U.S. Datacorp.

Eurocom Data, Rickmansworth, 74323.

● COMPONENTS

Cells to measure force

A RANGE of hydraulic load cells developed by Darenth Weighing Equipment offers accuracies up to 0.1 per cent. and is said to be suitable for measuring the weight of bulk tanks, hoppers, platforms and weighbridges, or for use in any other situation where a force rather than a mass is to be measured.

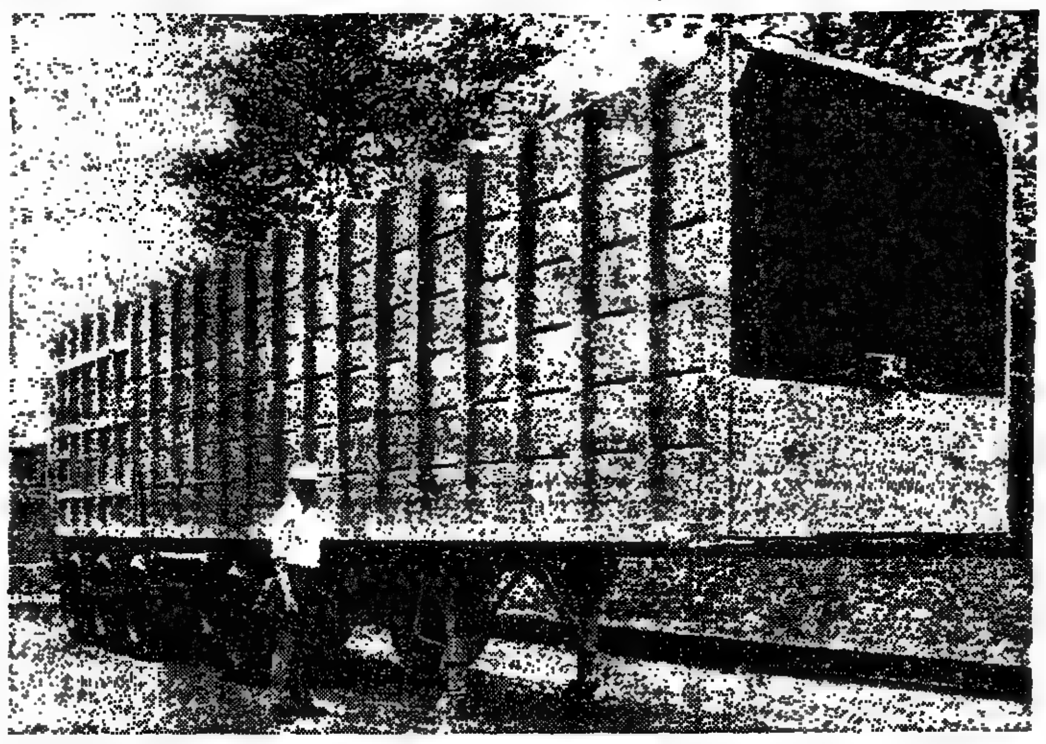
This means that applications could extend to jet engine thrust testing, dynamometer load reaction sensing and calender roll checking for spooled or web material production, says the maker.

A feature of these cells is that they are insensitive to angular movement or side thrusts caused by container movement, expansion or foundation settlement, so that no measurement errors occur due to angular forces. As a result, high sensitivities can be realised and displayed on a dial indicator.

The load cell is an hydraulic capsule. A bellows end-plate of defined area receives the load to be measured and forms one end of a chamber filled with fluid to support the load. A flexible bellows, which acts as the inner wall, connects the plate to the rigid outer wall of the chamber. Pressure generated in the fluid is related to the load on the top plate and for local indication is transmitted by a capillary pipe to a dial indicator. For long signal distances pneumatic or electrical transmission is available. Digital displays or large sensitive dial alternatives (up to 33 inches diameter) can be fitted.

Two types of unit are available, industrial and instrumental. In the industrial range (up to 50,000 kg) the bellows elements are constructed of stainless steel with mild steel enclosures and welded joints. For the instrumentation range, which has a lower range down to 5 kg, brass is used and body joints closed by brazing and soldering.

Darenth Weighing Equipment, Cray Avenue, Orpington, Kent, BR5 3RJ (Orpington 33521).



Anchorpac has put on the market this 12-metres-long "push-out" trailer which—with twice the capacity of conventional compaction containers—can be used by municipalities for handling waste. The steel reinforced 50-cubic-metres capacity body has been constructed to withstand high pressure, loading being through an outer rear door, fitted with a separately hinged inner section, which remains closed during the handling operation to prevent spillage. The outer door can be equipped with an automatic opening and closing mechanism. This unit is being constructed at the company's works at Bell Lane, Amersham, Bucks.

● BANKING

Philips in new U.K. drive

PHILIPS Electrologica has launched a more powerful version of the PTS 6000 banking terminal system in the U.K. with a major exhibition of the new equipment in Colchester. This follows the system's success in Europe, where over 13,000 terminal positions are now installed or on order.

The bigger unit is based on the 6810 terminal computer which has a core capacity of 64k bytes (as opposed to 24k bytes in the case of the 6110). The 6810 can control up to 16 terminal positions, two magnetic tape units, two disc drives, two cassette drives, and a combination of line printers, plasma displays and displays.

Now offered in the U.K. launch are a fast matrix line printer, with a speed of 200 132-character lines per minute; the disc unit, with a capacity of over 5 Megabytes; the display, with a capability of either 960 or 1920 characters; and the plasma display unit which can operate in alphanumeric (288 characters) or graphic (20,480 dots) modes.

In Britain, a number of pilot schemes are planned and systems proposals in preparation for major interests in the fields of banking, insurance, broking, and public sector finance.

Philips Electrologica is on 0206 5115.

● AGRICULTURE

Spray goes a long way

THE ULVA is a lightweight portable ultra low volume atomiser designed to produce a large number of microscopic, even-sized droplets from a relatively small amount of spray liquid.

The chemical is fed by gravity through a calibration nozzle to the centre of the atomiser which is turned at high speed by a small 12 volt motor powered by HP2 batteries.

The chemical carried in an oil base is flung off the edge of the atomiser in the form of fine ligaments which break up into millions of small, even droplets. To compensate for the spray liquid flowing on to the atomiser, air enters the chemical bottle through an air bleed tube.

The importance of producing a spray of fine droplets can be illustrated by a comparison with standard sprayers which will project particles of anywhere between 70 and 700 microns—thus varying between 1 and 1000 in active material content. This is extremely wasteful of what are often highly expensive chemicals and, moreover, prevents an even distribution of pesticide or fungicide over the crop to be treated.

Micron Sprayers, Bromyard, Herefordshire (08852 2397).

● HANDLING

Tail-lift forms door frame

DEVELOPMENT of an electro-hydraulic twin column tail-lift for vans has been completed by the Primrose engineering group, Ewood, Blackburn, Lancs., BB2 4LZ (0254 56031). Production has started of a range of tail-lifts with load capacities of 10 cwt, 1 ton, 1½ tons and 2 tons. The lifts are being made by the group's mechanical-handling subsidiary, P.T.H. (Clitheroe), Primrose Industrial Estate, Clitheroe, Lancs. (0200 23784).

Of twin-column indirect-lift design, the lifts are supplied as a complete body-rear-frame assembly, for mounting directly on to a chassis frame before the bodybuilding phase. The bodybuilder can then incorporate this rear frame as an integral part of the vehicle's body, using the frame as a datum for squaring off the rest of the body.

All that an operator has to specify when ordering is the chassis make and type, and the body's internal width, internal height and floor height. The stock size of rear-frame, however, is 8 feet 2 inches wide, with aperture width 7 feet 8 inches, aperature height 7 feet 8½ inches and 11 inches floor height above the chassis. Ground clearance is 17 inches.

● POWER

Low-speed drives

SIEMENS has introduced feed drives for low-speed constant-torque applications. Each has a matched DC motor unit together with a solid-state three-phase controller and a commutation choke. The motors are permanent-magnet field machines with a built-in tacho-generator for accurate speed control. The Simoreg controller is a full-wave (six pulse) regenerative unit providing a constant torque output from the motor—the controller's DC output varies the motor's speed by regulating its armature voltage to give a constant-torque drive.

The series comprises four drives with rated torques from 15Nm to 35Nm at speeds up to 1,200 rev./min. Machines with a maximum speed of 2,000 rev./min. are also available.

Siemens is on 01-568 9133.

● MATERIALS

Mixture makes foam on site

A RANGE of polyurethane foams which can be formed in-situ, without metering or dispensing equipment, has been produced by the Boston Chemical Company, Wetherby, West Yorks., LS23 7BZ (0937 843413).

The foams vary in their properties, such as cream times, density, mechanical strength, etc. The resin and foaming agent are supplied in 5 or 60 kg twin-packs (two 25 litre drums, 30 kg in each), and are mixed in 1:1 proportions. The resultant foam expands to about 30 times the original volume, and setting occurs in about one minute. A 60 kg pack costs about £70.

Suggested applications range from thermal insulation for large coolers to small mass-produced bar counter ice buckets. Other applications include use of the materials for jointing cables; sealing ducts into electrical sub-stations; and providing buoyancy in life belts, small yachts, cruisers and marker buoys.

Ducting in ships and oil refineries where there are pipe walls, etc., may be sealed off with the foam, says the company, adding that structural applications such as filling voids in bridges, can be easily carried out.

FINANCIAL TIMES SURVEY
Friday December 5 1975

SWEDISH CONSTRUCTION

The Swedish construction industry has gone through a shake-up in the past four years, which has involved a substantial restructuring and a so far highly successful move into the international building business.

A force in the world

This Survey was written by WILLIAM DULLFORCE, Nordic Correspondent

THE SHAKE-UP in the Swedish construction industry was touched off by the collapse of the housing market at the beginning of this decade after the heydays of the 1960s, when Swedish contractors broke records in the number of new dwellings built each year. The housing market is showing signs of stabilising at a lower level, but the general economic recession, whose effects hit Sweden this year, has produced an overall decline in building investments. The growth area is in foreign markets, where the high productivity and management skills of the leading Swedish firms make them a force to be reckoned with.

The recent shake-up has intensified the trend towards larger conglomerates in the industry. It is not generally known abroad that Sweden possesses Europe's single largest construction company, Skanska (Skanska Cementgjuteriet), which had a turnover of just over £500m. in 1974 or almost £100m. more than the second, Germany's Hochtief. BPA Byggproduktion, the company owned by the Swedish trade unions, ranks eighth on the European list, while the Balken group occupies 14th place.

It is remarkable for a nation of 8m. to have three firms among the top 20 European building companies, especially when the domestic market is worth only just over Kr.40bn. (£4.5bn.) a year. The reason is almost certainly the intensive rationalisation in building methods and management techniques which the Swedish companies have had to undertake, in order to meet their high material and wage costs, and which have called for heavy capital investments.

The companies retain confidence in their long-term future but, after the two-year central wage settlement last year, which raised wage levels by some 25 per cent. and the uncertainty over building investments from 1976, they are worried about the short-term. The General Contractors' Association anticipates a decline of 2 or 3 per cent. in the volume of Swedish construction investments next year.

Vacant flats

This is in sharp contrast to the situation in the 1960s, when Swedish construction averaged an annual increase of 6.3 per cent. and the share of new buildings and civil engineering works in the GNP rose from 14 to 16 per cent. The boom was led by housing, as the Government poured money into the building of high-rise flats in an all-out effort to beat the housing shortage. It was so successful that by the early 1970s there were reported to be close to 80,000 vacant flats in the three major cities.

In the first five years of this decade the overall volume of the construction market remained practically unchanged, with investments in new buildings and works declining to 13.5 per cent. of GNP last year or some Kr.32bn (£3.5bn.). Repair and maintenance work, which has increased in volume, accounted for Kr.9bn. (£100m.) last year.

The decline in housing, which may show a slight recovery next year, has been partially compensated over the past two years by the growth in State and industrial investment. State incentives in the form of release from blocked investment and environmental funds to encourage industry to maintain investment have resulted in a 10-12 per cent. rise in the volume of money going into new plant and equipment this year. Next year, however, these incentives will lose effect and companies will be cutting back investment plans in line with the fall in the inflow of new orders. The construction industry will then have to look to State investment and to the local authorities, who are also short of funds and in no position to raise their building expenditure.

The division of the available work between the private and public sector is a sore point with the independent contractors. The State dominates in the civil engineering field and its own production units are responsible for nearly all the work currently being done on roads and bridges under a sharply reduced programme. Similarly, the private contractors claim that during the decline in house building the local authorities have been favouring their own companies with the understandable aim of maintaining employment.

The difficulties on the construction market this decade have resulted in the disappearance through failure or merger of 700 to 800 companies, nearly all of them small, in some cases one-man firms. Membership of the Contractors' Association, which covers the larger- and middle-sized companies, dropped from 330 to 220, but the trend seems to have turned with a few new members joining this year. Among the big companies some mergers have taken place, but there have been no spectacular failures.

The concentration among the top companies has, however, produced one unfortunate effect recently. The managing directors of six large construction companies have been charged under the law on competition restrictions. They had allegedly divided Sweden into areas and decided among themselves their respective quotas of the work available in each area.

The recession has also affected earnings though not to the extent that might have been expected. Thus, estimates by the Contractors' Association show a return (income before tax, appropriations and interest charges) on total capital employed of seven per cent. last year, averaged over the industry as a whole, which is the highest this decade and compares with 7.1 per cent. in 1969. This year, however, the wage increases will affect results, although they have been partially balanced by a drop in material costs. More serious is the decline in new orders, which led Mr. Ulf Widerstrom, Skanska's Managing Director, in his report on the first nine months of this year to forecast a heavy drop in employment next year.

The labour situation in the Swedish construction industry, however, is complicated and one of its most interesting aspects. There has been a steady drift of workers throughout this decade from construction into other industry. Membership of the Building Workers' Union has fallen by about 30,000 in the past five years. This drop in numbers employed has been almost completely offset by an increase in productivity. At the same time it has produced two problems: a shortage of some types of skilled workmen and a rise in the average age of building workers.

One factor in the movement out of the construction industry has been the decrease in the wage differential enjoyed by building workers. The margin, which five years ago was 35 per cent. compared with the average industrial wage, has sunk to around 15 per cent. as a result of the policy of solidarity or wage equalisation pursued by the Trade Union Confederation. Recruitment among young people fell off sharply and has been causing worry for the future, but this year the number entering vocational training aimed at the building trade increased slightly again.

The decline in employment in the construction industry is not a national economic problem and has brought no reaction from the Labour Market Board, but the ageing of the labour force and the dearth of recruits could be serious for the industry itself, for the Swedish building worker is probably its major asset. He is a highly skilled craftsman, able to accept responsibility. Much of the management in Swedish building devolves on foremen at the site level, most of whom can read blueprints and act independently.

Swedish building workers are also motivated by payments systems which offer real incentives to complete their jobs on time. There are several systems based on a mixture of fixed wages and piecework rates, negotiated with the union for each construction job. The latest incorporate a group contract under which a team of workers gets a group payment for a given job with bonuses for completion on or ahead of schedule. The payment is sometimes agreed as a cash sum or calculated as the number of man/hours needed, which is agreed with the union and paid at the hourly rate fixed in the central wages agreement. There has been no official strike in the Swedish construction industry for a decade and only a few wildcat strikes.

The skill and reliability of its workers have been central factors in the development of the sophisticated management techniques which are the hallmark of Swedish construction. They depend on the devolution of responsibility. The growth of Skanska, for instance, has been due in no small measure to its decentralisation policy, which has entailed a breakdown into some hundreds of separate profit centres.

A "profit centre" is frequently one man, the project manager responsible for one major construction site or several small ones. He will be involved at all stages of the contract from costing to completion and will have complete responsibility for carrying out the contract. Experienced project managers can earn well over Kr.100,000 (£11,000) a year and earnings at other lower levels of responsibility are correspondingly good.

The overall decline in building investment has inevitably affected the material suppliers, among whom there have been some failures and takeovers. Cement kilns have been closed down and there is now some doubt whether the industry will go ahead with plans to build larger, more efficient plants. The switch to new materials, away from concrete, which has come with the present trend towards low-rise housing leaves companies in some confusion about future demand.

The effort by contractors to get into the offshore supply market and, in particular, to produce concrete production platforms is equally uncertain in view of the sudden stoppage in new orders from North Sea operators. The debate on national energy policy, sparked off by the oil crisis and the growing public reaction against nuclear power stations, introduced another indeterminate factor into both the contractors' and supply companies' future estimates. With the Government decision to build up to 13 nuclear power stations and to

CONTINUED ON NEXT PAGE

Housing demand quiet

THE STANDARD of Swedish housing can be matched in few other countries, yet it has long been a "problem" in Sweden, the object of an often acrimonious, political debate. The regulations and controls on the building and financing of houses and flats are so complicated that many Swedes have *trouble in understanding* them. Controversy persists over the type of housing to be built; the ruling Social-Democrat Party is in principle against one-family detached homes at the same time as one-family houses are taking an increasingly large share of new buildings.

Swedish housing construction is at present hovering in a transitional phase. The builders have more or less come through the crisis which struck the trade after the over-building of the '60s and the structure of the *industry is gradually stabilising,* but nobody is yet sure exactly when or at what level house building is going to settle down. Hopes that 1975 would see a recovery have not been fulfilled and have now been transferred to next year.

The 1960s were the golden age of Swedish building, when builders soared headily on the housing boom. Annual production averaged 105,000 homes or 14 a year for every 1,000 inhabitants. A million homes were built in a decade.

The collapse came in 1973 when work started on just under 80,000 new buildings. A similar figure was achieved in 1974 but only because of a temporary VAT concession which brought a rush of housing starts in the last two months. A figure of 70,000 new buildings was projected for this year but in the first nine months the Central Statistical Bureau recorded only 30,000 and it is now evident that work will start on no more than some 50,000 homes in 1975.

The Construction Contractors' Association estimates that the average for the two years 1974 and 1975 of 65,000 buildings started a realistic portrayal of current demand. Investment in housing in 1974 was Kr.11.3bn. (£1.25bn.) or 35 per cent. of the total building and civil engineering investments.

The Association anticipates a fall in investment volume of 8 per cent. both this year and next and expects work to start on about 60,000 homes in 1976. In contrast to a Govern*ment committee, which recently* concluded that there would be a demand for 70-75,000 homes a year in the ten-year period to 1985, the Association believes *housing will settle at a level* slightly above 60,000.

The collapse of the housing market has also been accompanied by a reaction against the type of home built during the boom. Up to 1971 "small houses" (equivalent to Britain's detached and semi-detached) accounted for only 30-35 per cent. of total production but have steadily grown in importance since then. As the number of high-rise flats started has been more than halved, the share of "small houses" reached 65 per cent. in 1974 and could well be 70 per cent. this year.

Vacant

Government policy in the 1960s scored an outstanding success in solving the housing shortage but Swedes have since let their rulers know that they do not approve of the quality and type of housing provided. At the beginning of this year there were still 30,000 vacant flats in the main cities, although the number has certainly declined since.

The high-rise concrete suburbs have been criticised for creating a stereotyped, inhuman and impersonal milieu. Services in many instances proved to be inadequate despite the careful planning. There has since been a decided move in favour of "close-to-the-ground" living and a more varied, friendly pattern. The authorities have stuck to the principle that social solidarity must be introduced into housing and that there should be no segregation *into ghettos or slums* for the less well-off by shifting the emphasis to "mixed" living areas, where different types of housing—blocks of flats, town *houses and villas—are mingled.*

A side-effect of the changing trend has been the lack of work for the cranes used in high-rise building. One estimate suggests *that close to 2,000 cranes,* representing a purchase value of about Kr.400m. (£44m.), are at present idle.

People complained about the *high rents charged for the flats* built in the 1960s, but building in Sweden is expensive and the rents charged were by no means in balance with the true cost *of construction.* The Contractors' Association calculated this year that the production cost for the completion of one square metre of dwelling space in a block of flats was Kr.1,550 (or £16 per square foot), including the cost of land and ground works. Materials account for 50-55 per cent. of the total and wages for close upon 20 per cent.

Over the last 20-year period building costs have risen roughly in line with the consumer price index or by 100 per cent. They have been accompanied by a marked rise in standards. Flats now being built are larger and better equipped. However, the builders claim that this improvement has been covered by the increase in productivity and that, if the inflation factor is excluded, a modern flat would not cost more than it did 20 years ago.

The private builders argue that rents should be set at a more realistic level, but it is hardly possible politically for *the Government to cut subsidies,* which have been estimated to account for Kr.60 a year for each square metre of flat space or to some Kr.4-5,000 (£445-550) a *year for a three-roomed flat.*

The rent subsidies are only one sample of the steering of house building by the authorities, State and local. Private firms as developers now account for less than half total housing construction and they complain both about the relative inefficiency of the local authorities' building companies and about the maze of regulations and paper work now involved in building a house. Local authority housing companies currently account for two thirds of the construction of flats.

Nationwide

Two co-operative organisations, the HSB (National Association of Tenants' Savings and Building Societies) and Svenska Riksbyggen (the Trade Unions Co-operative), build on a nationwide scale. HSB built 9,000 flats in 1973, of which 4,000 were in blocks run on a co-operative basis. Svenska Riksbyggen completed more than 11,000 flats, of which some 3,500 are managed on a co-operative basis. Those blocks not run co-operatively are managed by local (non-profit) housing companies.

This year a new land law has come into force, stipulating that *State building loans will be* available only for land bought from a local authority. As hardly anyone can build without a State loan this will effec*tively curtail private building.* A ten-year transition period has been allowed for building so-called "uninhabited land," or land in an undeveloped area, *privately owned on November 1, 1974.*

The new law applies both to new buildings and to renovations. It has already led to a *clash between the Stockholm* City Council and private builders, seeking to buy up, renovate and eventually collect rent on existing property. The council *is refusing the dispensation* from the law which has been given by some other city councils. A Kr.150m. loan fund has been set up, to finance land purchases by the local authorities.

The intention behind the new law is to stop land speculation and to keep prices down. Prices have already started to decline this year, suggesting that the Government is achieving its aim. One of the larger building companies has just sold a large plot of land to a local authority at a price lower than that for *which it bought the land* in the 1960s. The company explained that the lack of a city housing plan would prevent any building on the plot within the immediate future.

The land law is accompanied by new regulations under which State building loans will be available only when the building job has been put out to competitive tender. The building of houses on single plots is exempted and no tenders will be needed for renovations. Building "on own account" can continue without tendering until July, 1979. Local authorities will play the central role in interpreting and applying the competition regulations.

The increase in the demand for small, one-family houses has forced local councils to revise their earlier plans, a process which is time-consuming and has been complicated by the minor rush to build at the end of last year, in order to take advantage of the VAT concession. Local authorities are also feeling the pinch of the general recession and, with rising costs for other services, have less money available. The Contractors' Association, therefore feels that planning delays at the local authority level can be a further, inhibiting factor to the recovery in house-building, for which the industry is looking next year.

Building materials

SWEDEN'S building material producers are for the moment reeling from a triple blow—the slump in the building industry, the price freeze which lasted 12 months from March, 1974, and the shift in demand from heavier towards lighter materials. Few companies anticipated the switch and several, especially those who had used government subsidies to invest in concrete element production during the big boom of the 1960s have found themselves over-*extended and have had to close.* The merchants, too, found that they had expanded too fast, while the downturn has for the time being halted the spread of the *self-service warehouses.*

With a further slip in sales volume expected next year the immediate prospects are not good. Attempts to expand on the export *side have met tough* going, as material producers from other countries with declining building activity had the same idea. Those who are still doing well are the producers of thin steel sheet and profiles, fibre boards, gypsum board and mineral wools, whose products have been favoured by the trend towards low-rise housing and the emphasis on better insulation. On the whole, *however,* the materials producers feel that, although they employ some 300,000 people, their troubles *are receiving less publicity and* attention than those of the contractors.

The Swedish materials market is valued at Kr.15-16bn. (£1.7-£1.8bn.) with exports, including wood products, accounting for a further Kr.6bn. (£670m.). *There are imports of about* Kr.1bn. (£110m.). The market for the heavy, load-bearing materials is covered by a very small number of manufacturers, *but it is estimated that there* are altogether some 5,000 firms involved in the building materials industry.

Inventory

The dominant group is Euroc, which had group sales of nearly Kr.2bn. (£220m.) last year, but saw its earnings decline so rapidly that only inflation in the shape of inventory gains was able to keep it in profit. Cement production is monopolised by Cementa, a Euroc subsidiary. Sales declined by 4-5 per cent. in 1974 and are expected to fall by about as much again this year. The Central Statistics Bureau, which has only started to issue figures for building materials this year, reported a drop in deliveries from 1.7m. tons for the first half of last year to 1.57m. tons in the first *six months of 1975.*

Cementa has *found* some relief from the collapse of its domestic market in exports to Florida, but these have been *feasible only* because of the environmental restrictions placed on American domestic production and the opportunity is only a temporary one.

Cementa's monopoly position has been permitted by the Government, because it recog*nised the need for large-scale* production, if prices were to be kept down and Swedish cement able to keep out foreign competition. In return the Govern*ment has bought 5 per cent.* of the Cementa shares and appoints two of its Board members. Its prices are watched closely by the Price and Monopoly Board.

Cement production is seen from a strategic and security point of view in neutral Sweden, as well as from the straight business angle, but for the time being both Euroc and the Government are in something of a dilemma. Earlier it had been planned to close down two of the seven kilns, in order to make way for expansion of capacity at the Gotland plant from 900,000 tons to 2m. tons a year and obtain the cost advantages of large-scale production. Now that the domestic market has dropped so heavily and the export potential is unsure, there may be some *doubt whether the plan will be* pushed through. One kiln has already stopped production.

Hopes that the construction of concrete offshore production *platforms for North Sea oil com*panies would open fresh vistas for the cement industry have been disappointed, as new orders have failed to follow the earlier. Better prospects are offered by the decision to continue with the nuclear power programme to at least 13 stations, but the present climate of opinion in Sweden on the hazards of nuclear power production means that a company cannot confidently count on long-term outlets in making its investment decision.

In contrast to cement, concrete products are produced by a considerable number of companies. In particular the concrete element business expanded swiftly during the 1960s under Government encourage*ment* and subsidies with a resulting over-capacity. By the end of the decade the branch had a capacity of some 20,000 flats a year, whereas actual building never rose above 15,000 and, if the present decline in multi-storey building continues, it is expected to drop to a couple of thousand annually.

Light or cellular concrete production is shared by two companies, Siporex, a Euroc subsidiary, and Ytong. Euroc's last annual report revealed that the larger part of Siporex's domestic production was being closed down and its headquarters were being moved to Belgium.

The building industry's use of steel has risen steadily during the last ten years and accounts to-day for about a quarter of total Swedish steel consumption, but the expansion recently has come in the light steel construction products, galvanised and coated steel profiles, whereas the market for reinforcing iron has declined. Domnarvet, the main producer of thin constructional steels, is expanding output.

Steel is not a traditional Swedish building material—although it was used in the new Parliament building—and few Swedish architects are yet comfortable with it. In wood, which is, the situation is mixed. Wood-based products account for more than half the total Swedish exports of building materials. Some two-thirds of the annual sawn timber production of 10m. cubic metres is generally exported and of the remainder two-thirds goes to the domestic building industry. The joineries and factories producing timber houses have a combined turnover of some Kr.3bn. (£330m.) of which little is exported.

Upwards

The British market is very important for Swedish softwood exporters but has been almost non-existent for the past months and Swedish saw mill stocks are very high. There are signs of a market recovery both in Britain and on the Continent and a slight upward movement in the deflated prices.

At home the trend towards smaller, one-family houses has made timber more fashionable again for building but the real growth area is in the particle and fibre boards, which are favoured by the new, heat-saving construction methods. The wood fibre industry, divided among ten companies, now has annual sales of some Kr.500m. (£55m.). Although the building material producers, working from wood, have ensured markets in the long run both at home and abroad, they have one major problem — the shortage of raw material in the Swedish forests and the competition for supplies from the pulp and paper industry.

In the short-term the building material merchants and producers alike can expect little improvement. Since the end of the 12-month price freeze imposed by the Government on key materials, such as cement and asphalt, precast concrete and bricks, in March, 1974, prices have moved slightly upwards but not enough to compensate for the decline in demand. Until construction itself picks up (some time in 1977?) the materials industry will have problems.

A force

CONTINUED FROM PREVIOUS PAGE

allow limited expansion of hydro-electricity the short-term prospects have at least been clarified in this sector.

The general uncertainty about the short-term prospects was undoubtedly one motive for the campaign launched this year by the Contractors' Association against "own building" by the State and the local authorities. It estimates that building on own account by public authorities, which covers many civil engineering works, comprises about Kr.8bn. (£880m.) a year or some 20 per cent. of the total construction market and involves 65,000 of the 300,000 people employed in the industry.

The Association's main complaints are that there is no control over the costing of work done by State and local authority agencies and accordingly no check on their efficiency, such as there would be, if the work were open to competition. Secondly, during downturns, such as the one which has been prevailing over the past four years, the public authorities ensure employment for their own staff with the inevitable result that practically all the cuts in work available fall on the private sector, it is claimed.

As in most other European countries the uneasy relationship between public authorities and the private contractors and the Government's need to use building as an economic regulator are facts of life for the industry. In Sweden the Government already has very tight control over construction. It is pursuing its socialist policies, but it would be surprising, if it put further obstacles in the way of an industry which has just begun to prove itself as a foreign currency earner—not at least in an election year.

New technology

PURRED BY the rise in oil rices in 1974 the Swedish Govrnment has introduced a most mbitious plan for energy conervation. Its target is to reduce he annual increase in energy rom 4.5 per cent. to 2 per cent. uring the next ten years and) achieve a constant level of onsumption from 1990 onvards. It has been calculated nat housing accounts for 42 per ent. of Swedish energy conumption or for some 13m. ubic metres of oil a year, costng Kr.4-5bn. (£450-£550m.), nd some experts contend that ne percentage should be even igher. Inevitably, over the past wo years a lot of Swedish reearch and development work as been concentrated on ways f improving standards of heat isulation, ventilation and reguation systems, which are lready high by British or conmental measures.

After the oil crisis home heatng costs in Sweden have more han doubled, so that an owner an save fairly rapidly the igher initial capital investent needed to build better inlated houses. The Governent is introducing stricter gulations, which make a high andard of insulation obligary in new buildings, and the uilders are tightening up their vn code of practice. In the ilding technology division of e Royal Institute of Techology a lot of work is being one on walls and windows, exrimenting with various sandich techniques.

avings

Tests on a group of flats built the 1940s have suggested at, while significant savings in oney and oil consumption can achieved by checking boiler iciency, lowering room temratures to 20°C, improving ntilation and hot water stems and insulating attic ors, these are small compared th the savings that could be tained from better wall and ndow insulation.

The cost increase is also conlerably higher and, while the stitute's researchers have en able to introduce outer ll insulation, which gives a ore adequate saving in nning costs, they have not so far been able to produce a savings on windows commensurate with the additional, initial cost. Experiments have been conducted with triple-glazed windows, which may be come a requirement in all Swedish buildings, and in treating the insides of double-glazed windows with white oxide, to curtail the radiation loss, which accounts for about two-thirds of the total heat lost through windows.

These experiments have so far been indecisive. But they have shown that the existing double-glazed windows in Southern Sweden give a heat transfer coefficient (U-value) of 2.8 compared with about 6 for the single-glazed windows used on the Continent. The difference in the U-values for the walls in existing houses is less, about 1.7 for continental houses and 1.3 for Southern Swedish.

This is were Professor Ingemar Höglund believes real progress can be made. He displays new, sandwich wall constructions, designed for single-family houses, which give U-values of 0.21 and 0.22. The traditional continental construction has an outer brick facing, a 50mm air space and an inner brick wall. The new Swedish construction comprises a brick facing, a narrower air space, a wind protection layer (board or mineral wool sheeting), a mineral wool slab, a moisture barrier (plastic sheeting or impregnated paper) and plaster board.

The initial cost of a home would be higher but it would also produce significant economies in both the house-owner's and the national budgets, according to Professor Höglund. The new type of wall construction also entails improvements in ventilation and heat recovery methods, which companies such as Svenska Fläkt and Bahco have been working on.

Swedish companies have been developing heat pumps as replacement for oil-fired boilers. A nose ahead of the others is Euroc's newly formed Teknoterm Division, which has just started a series production of a heat pump for family houses and expects to be producing 10,000 a year in a couple of years at a price of around Kr.10,000 (£1,100) each. The pump has been designed for the conversion market, transfers heat from air to water and can be coupled to existing central heating systems.

Mr. Kurt Karlson, managing director for the Euroc subsidiary, Klimatkyla, compares the running costs of his pump favourably with oil-fired and electrical heating. For a house needing 10 kilowatts heat an oil-fired burner would consume in an hour 1.5 litres costing Kr.0.75 (8.3p); electric radiators would consume electricity costing Kr.1.30-1.50 (14.4-16.7p) in Southern Sweden while the heat pump generator would require 3-4 kw/hour of energy costing Kr.0.45-0.60 (5-6.6p).

There are two snags. The initial cost for the heat pump is much higher. And the pump can raise the room temperature by no more than 25 degrees C compared with the outside temperature, which means that it will function well at temperatures down to −5 degrees C but, if there is a temperature of −25 degrees C outside, it cannot raise the indoor temperature above freezing point. An additional heat source would then be required.

Solar energy

The Swedes like other nations have been building experimental houses. One, again built by Euroc near Malmo in Southern Sweden, uses solar energy, new building materials and recycles the heat from hot waste water. It has a floor area of 150 square metres, triple-glazed windows and a 52-square-metre inclining ramp of glass-covered cells to collect solar energy. Water heated when passing through the collectors, is pumped into coils in the floor with any surplus energy being stored in a tank for later use. The ventilation system features a heat exchanger, which absorbs the heat from the outgoing air and heats up incoming air, thereby, it is claimed, cutting heat losses from ventilation to one-third.

The total annual investment in building research in Sweden is probably about Kr.150m. (£16.7m.). The official organisation is the State Institute for Building Research, which is financed partly by a direct State grant and partly by a levy on the building companies equivalent to 0.6 per cent. of their wage bills, now increased by a further 0.1 per cent. for energy research.

The Institute can show an imposing list of projects in hand but the industry is not entirely happy with it, grumbling that it has become too much of a bureaucracy and that its research is not always directed to the benefit of the companies, which finance it. The industry, on the other hand, is slow to suggest projects which the Institute might finance. Communication between the Institute and the companies does not appear to be of the best.

The companies themselves, both those producing materials and the constructors, are adept at refining the techniques, in which they already specialise, such as tunnelling and blasting, and in developing materials and methods originated abroad. Dealing with rock is not unnaturally a speciality of a nation, which produced Alfred Nobel and in Atlas Copco has one of the world's leading manufacturers of drilling equipment.

From the time of World War II, when a shortage of steel forced the builders into concrete, the Swedes have specialised in concreting techniques, in particular in pre-stressed structures and in slipform casting. Recently, with the change in housing fashions towards low-rise buildings, there has been a growing trend towards lighter constructions.

Steelworks, such as Stora Kopparberg's Domnarvet Works and the state-owned NJA, producing coated steel sheet and profiles have been making increasingly sophisticated products, extending their use from warehouses, industrial and farm buildings to housing and offices. Granges has developed a system, dubbed G 2000, for series production of housing based on thin steel units, which has not yet come into production. Junga Engineering makes a detached house, known as the Functura, built mainly from trapeze profile sheets.

Civil engineering

SOME SWEDISH companies said to be renaming their civil engineering departments "land divisions," to mark the dearth of major civil engineering projects and their reliance on smaller, ground installation work. In the Balken group, which has two companies, Armerad Betong and ABV-Väg-Förbättringar, oriented towards civil engineering, only 37 per cent. of incoming orders in 1974 were for civil engineering. This represented a 1 per cent. drop from the previous year, but would have been higher, had it not been for a 3 per cent. increase in paving and resurfacing jobs.

Total Swedish civil engineering work has remained at roughly the same level since 1970, corresponding to just over 25 per cent. of the total value of the construction market or some Kr.8.5-9bn. (£950.1bn.). Less of it, however, has been coming the way of the private companies and this is due principally to the decline in road-building. The Swedish roads administration maintains its own construction department, which now undertakes some 80 per cent. of new road-building compared with 50 per cent. a few years ago.

The government has indicated a provisional budget of Kr.12bn. (£1.33bn.) for road-building over the next 10 years, when the administration calculates that it would need Kr.18bn. (£2bn.). The road administration Director-General, Mr. Sven-Goran Olhede says bluntly that the less money available, the larger the share of the work to be done by his own construction department.

Private contractors still have the lion's share of surfacing work and bridge building, but with a fall in new motorway building from the 300 kilometres a year achieved previously to 200 kilometres, there has been little left over for them, once employment has been assured for the administration's engineers. There is unlikely to be any change in this situation in the near future.

References

The private contractors complain that the decline in their domestic road-building operations is also hindering their efforts to find work abroad in that they are unable tao give references of recent jobs to potential customers. Their discontent over the road-building situation, as well as with local authorities' campaign launched this year by the General Contractors' Association against the construction work done on their own account by public authorities. The theme of the campaign has been that the public agencies ignore the rules of competition and economic principles, which compel private companies to be efficient, and are therefore likely to be more expensive for the tax-payer. The campaign appears to have had little impact on the Government or local authorities.

The national energy programme approved by Parliament this spring did not open long-term prospects for civil engineering, but offered some short-term relief. A "cautious" expansion of nuclear power will entail the building of two more plants, while the Government has decided in principle that hydro-electric capacity should be built out by a further 5 TWh (Terrawatt-hours).

The hydro-electric programme depends, however, on the report to be made by a committee studying the environmental effects of further dam and power station building. Swedish hydro-electric power production will reach 61TWh out of an estimated total potential of 95TWh., when all the plants so far licensed are completed. Development of the remaining 34TWh. potential has run into strong environmental opposition.

The decision to pursue an "active" oil policy should provide the civil engineering companies with some fresh opportunities, although the policy has still to be worked out in projects. Negotiations over Norwegian oil supplies will determine whether or not more refinery capacity is to be built in Sweden and whether oil and gas pipelines will be needed. Again, of more immediate value for the companies is the Government decision to expand storage capacity for crude oil and oil products.

Rock cavern oil and gas storage is a Swedish speciality and, although construction has so far been confined mainly to Scandinavia, there should be a considerable export potential in countries, where the geological conditions exist. The Swedes say that cost trends for storage above ground now make it economical to construct caverns with special reinforcement techniques even in poor-quality rock.

It is claimed that caverns are cost competitive with surface tanks for storage volumes of 160-190,000 barrels of oil and above and that the cost per unit of a cavern decreases more rapidly, as the volume increases. A cavern is said to offer better economy for gas storage from 10,000 cu. m. upwards and to have the further advantage of lower insurance premiums, as the risk of explosions is eliminated.

One project has already been completed in France and a joint British-Swedish company has been formed to explore the possibility of building rock caverns in Scotland. The Swedes are offering underground storage plants on a turnkey basis, complete with pumps, electrical installations, control systems and pipework. A rock cavern takes from one to two years to build.

The basic principle is simple and ingenious. A cavern is blasted out, so that its proof lies under the water table in the rock. Water seeps through the fissures into the cavern, where it is pumped out, forming a so-called cone of depression around the cavern. The stored oil then floats on the ground water, which will prevent it from penetrating the surrounding rock. This, in turn, means that oil products can be stored against the naked rock wall.

Offshore

The offshore oil business was seen as another field of fresh business for Swedish civil engineering and plans were laid for the development of drilling rig and production platform construction bases on the west coast. So far, however, only one order has been received for a concrete gas-pumping station being built jointly by Skanska and C. G. Doris of France for the Frigg field. This will be delivered next June and a new order is urgently required, but the Norwegian contractors, who pioneered concrete platforms, are also running out of work.

The stagnation, which has hit the home market at least temporarily, is driving the Swedish civil engineering companies more and more into efforts to sell and develop abroad their specialities. Another Balken company, Goteborgs Betongpalar, for example, is building up a market abroad for pre-fabricated concrete piling work. The process is common in Sweden, when foundations have to be laid on ground with insufficient bearing capacity, but is still little used abroad. The company has developed a mobile pile factory and a hydraulic piling machine.

Skanska has joined a consortium to build a Kr.1bn. (£110m.) irrigation system in Peru, comporting a dam, rock tunnels and canals, where the Swedish company's expertise will come into its own.

In the long run, however, Swedish civil engineering must depend on its home base and there is some weight in the companies' argument that they cannot be expected to expand in highly competitive foreign markets, if the home market, in which they have developed their particular skills and techniques, continues to shrink. This is both an economic and political problem which will have to be sorted out sooner or later with the authorities.

Overseas operations pay dividends

OVER THE past four years the Swedish construction companies have moved onto the international market in a big way, specialising in Eastern Europe but also collecting a sizeable *batch of contracts in the Arab* countries, Africa and South America. They have established a reputation for all-round competence on big projects and for completing the job on schedule. Increasingly they are challenging the more established British, West German and American contractors for major contracts in areas, where previously they had to be content with crumbs, and the bigger Swedish companies are becoming desirable partners in international *consortia*.

The value of the work done abroad by Swedish contractors in 1965 was just over Kr.100m.; this year *it will* be around Kr.1.5bn. (£167m.) and possibly higher. It is not easy to get complete figures, particularly for the value of orders in hand, because the half-dozen companies involved, perhaps for domestic political reasons, are reluctant to disclose their increasing reliance on foreign contracts. They maintain that *the domestic market* will continue to provide the much larger base for their activity, that foreign work makes up only 10-12 per cent. of their total operations, and may gradually rise to 15-25 per cent.

A rough totting up of the value of contracts announced, however, indicates that the Swedish companies must have on hand foreign orders amounting to over Kr.2bn. (£222m.). Skanska, the biggest, is alone working on foreign contracts worth more than Kr.1bn., accounting for around 30 per cent. of its current order stock. The actual figures would, in fact, be a tribute *to the speed with which* the Swedes have reacted to a declining domestic market and boosted their share of the international market.

If exports of building materials, machinery and consulting work are added, the Swedish construction *industry in its* broader sense earned more than Kr.7bn. (£780m.) abroad last year. Timber goods, which are traditionally classified as forestry industry exports, make up well over Kr.3bn. of this figure. In 1973 building machinery and equipment exports were valued at Kr.565m., while sales abroad of reinforcing iron and *constructional iron* and steel components reached Kr.472m. There is also a substantial export of cement and other raw materials.

Nevertheless, it is the contracting companies that have made the most spectacular advance abroad over the past few years. Earlier, it was argued that the Swedes were handi*capped in international compe*tition by the high wage levels enjoyed by their building workers. Once they were forced to look abroad, however, the management techniques they had developed at home to overcome their high wage and other costs proved to be an ace up the sleeve.

These techniques developed from the simple, basic assumption that with high labour costs (and a climate frequently unfavourable for construction work) projects had to be designed and production planned so carefully in advance that *work could be carried through* at top speed without any time-wasting delays. The larger Swedish companies have taken advantage of ADP techniques, which they introduced years ago, to develop sophisticated design and budget planning systems, complemented by similar, computerised control systems, that give regular, detailed checks throughout the production stage. Experience with these techniques has given the Swedes an aptitude for handling large projects on a design/contract or turnkey basis.

Schedule

The timing of the flow of materials, machinery and labour to the site is so sophisticated that one company is said to have had a freighter loaded with *machinery* and *materials* on the way to the scene of operations before the contract had been signed. When Skanska won the contract for the Gitaru hydro-electric power plant in Kenya, it was excavating the *spillway three weeks after* signature. In Libya it is just completing a Kr.112m. (£12.5m.) hospital project some three months ahead of schedule.

The Swedes go mainly for big, technically advanced projects, *where their special excavating* or concreting skills can be applied. They are intent on building up a reputation for taking on total responsibility for a project from the planning and design stage and for delivering on schedule. In their East European operations they have had the advantage of being able to use, almost exclusively *their own staff, machinery* and materials, and they have relied heavily on the skill and hard work of their highly-paid workers.

On hotel projects in Warsaw and the construction of a drydock at Gydnia, *for instance*, the Swedish builders worked a 56-hour week. On week-days they started at 6.45 in the morn*ing and finished* at 6 in the evening with two 30-minute and one 15-minute break; on Saturdays they stopped at 1.15 in the afternoon *after working* six hours with one 30-minute break. After five such weeks they were entitled to one week off. The workers were on one-year contracts agreed with their union.

Following their philosophy of *providing a complete service*, some of the Swedish companies have developed training programmes for local workers over the past four years. This is aimed particularly at the developing countries but BPA, for instance, arranged for Poles to be trained in modern slaughterhouse techniques in Southern Sweden as part of its turnkey contract to build a Kr.160m. slaughterhouse in Zielona Gora.

The Swedes have made a special effort in Eastern Europe and four companies—*Skanska*, BPA, ABV and SIAB—have built hotels, office buildings, a store, a trade centre and a dry dock to a total value of over Kr 1bn. (£110m.) in Poland, Czechoslovakia, Bulgaria and East *Germany*. They have been less lucky in the Soviet Union but are still in contention for some of the tourist expansion projects planned there.

One advantage they feel they *have over* West European competitors is that their detailed budgeting and confidence in their own production control systems enable them to quote firm prices. They have found, however, that considerable time and money must be spent on long-drawn negotiations before *a decision is made*.

The Swedes feel they are disadvantaged compared with the Europeans in their inability to provide the type of long-term, cheap credits, which the Communist countries expect. In one or two cases companies have been allowed by the Swedish tax authorities to deduct from tax returns a sum correspond*ing to the difference between* the interest paid by the customer and the interest charged to the companies themselves, but these instances have been exceptions. The credit disadvantage, has sometimes been overcome by means of *a barter* deal, in which part payment is made in a commodity. ABV and STAB have been paid cash for stores built in *Prague* but these are exceptions. A barter deal means involving a Swedish trading company.

Swedish consulting firms have long been active abroad and may be said to have *pioneered the way for the con*tractors. VBB (Vattenbyggnadsbyran), which joined with seven other consultants in 1960 to *form Sweco*, the Swedish Consulting Group, has just been commissioned to design a new industrial town outside Cairo, has designed the Kuwait water supply system and was responsible for planning the removal of the Abu Simbel temples on the Upper Nile in 1969. Sweco, with 1973 sales of around Kr.240m. (£27m.) *accounts for some* three-quarters of all Swedish consulting outside Scandinavia.

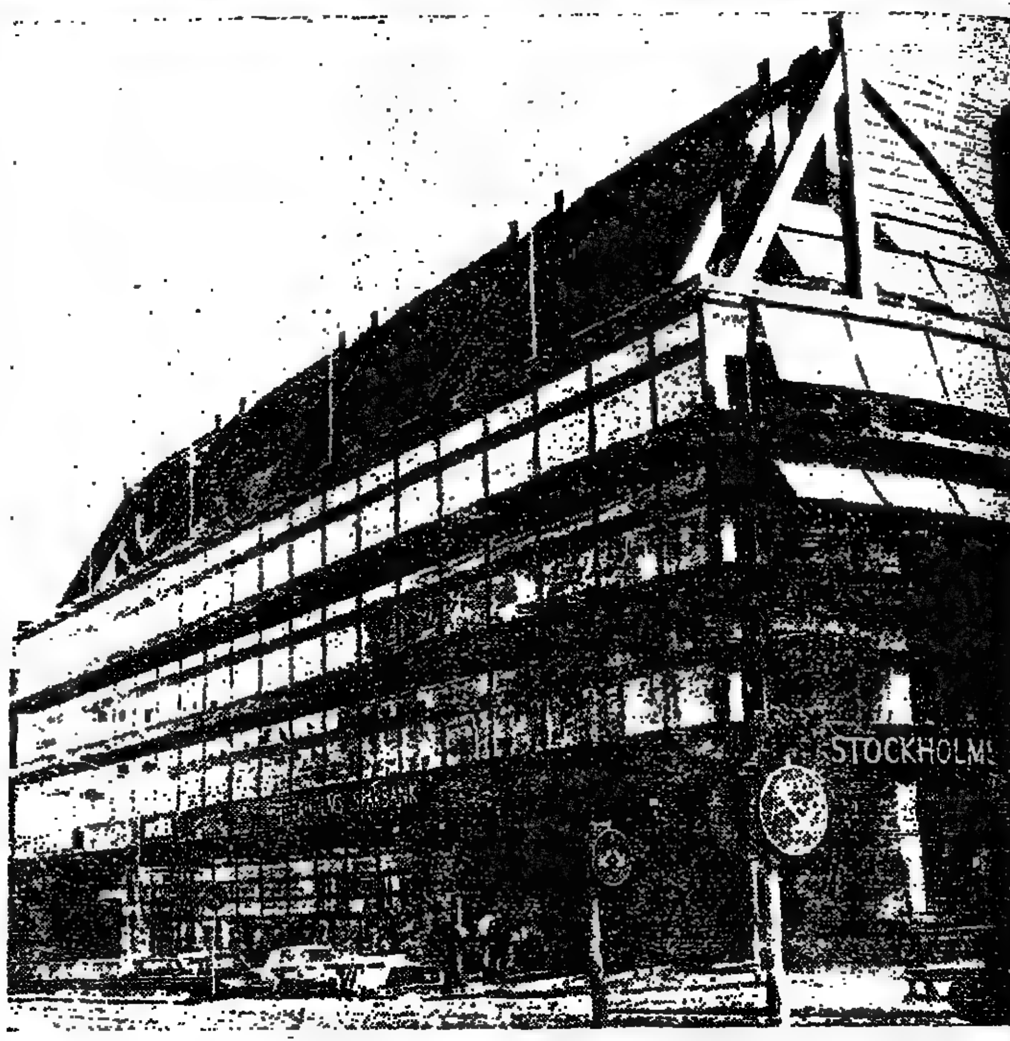
Excavations

Widmark and Platzer International specialises in *excavation, tunnelling, mining* and other industrial projects, where Swedish rock know-how can be utilised, while SCAAN, a group of architectural consultants, concentrates on educational, hospital and town *planning projects*.

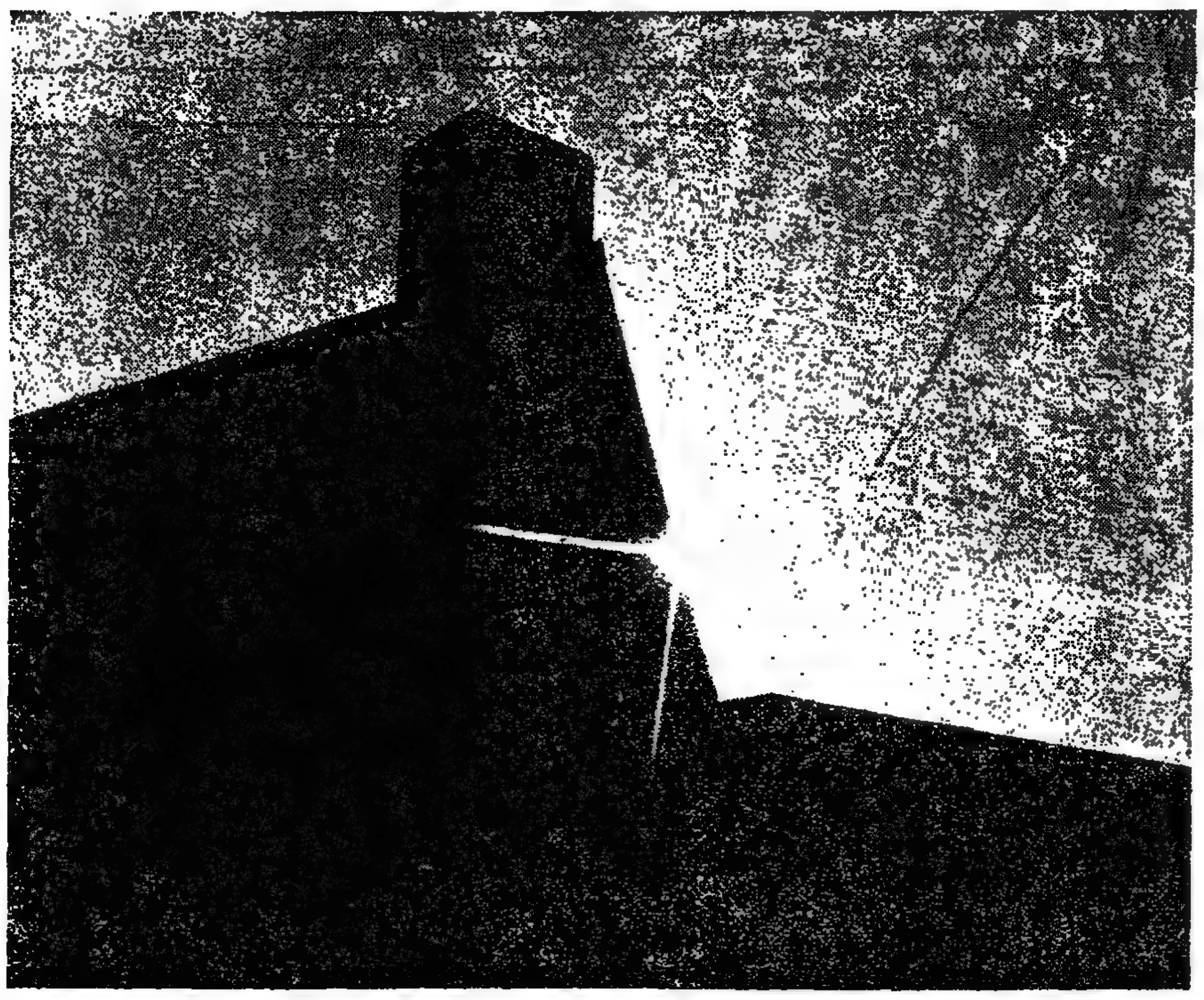
There are domestic critics who feel that the swift overseas expansion of the building contractors has been over-emphasised and that they have yet to show they can sustain a *long-term campaign* abroad. Skilful as they have been in picking up the East European contracts, they have also had the advantage of working more or less on their own doorstep and of being able to use their own *men*, materials and equipment. With more contractors in other countries looking for work abroad to compensate for the contraction of their home markets, it is argued, the Swedish contractors may find the going tougher. However, the companies can fairly retort that they have already started to pick up contracts in the Middle East and developing countries.

There is perhaps one blemish to the picture of dynamic foreign expansion; it is strictly one-way. Swedish regulations oblige foreign contractors bidding for projects inside Sweden to conform to Swedish wage rates. Apart from a few sub-contractors, no major foreign company works in Sweden.

Work in progress on the Victoria Hotel in Warsaw, being built by Skanska.



Sparbank building in Stockholm's Hamgarten, built by Kullenberg. The architect was Carl Nyrén.



The Executive's World

EDITED BY JAMES ENSOR

Italy's state owned car company is facing up to its problems. James Ensor reports

Alfa Romeo banks on its engineers

Dr. Gaetano Cortesi with the Alfasud assembly line behind.

HE NATIONAL ENTERPRISE OARD, which came into operaon, last month, owes much of s philosophical parentage to he Italian state organisation RI. IRI, like the NEB, came nto being because of the failure f private capital to sustain usinesses which were regarded s vital to the Italian economy. n this case, it was a loss of onfidence in the commercial anking system, which provided e trigger. The Italian banks, ke the German, had large inustrial holdings, which were ken over by the state at book alue, essentially in order to estore confidence in the bankg system. After a number of rther sales and purchases of hares, IRI ended up as an inustrial holding company with terests in shipbuilding, steel, ngineering, and automobiles.

Most of these industries are, course, currently in a deep ecession, caused as much by e world demand changes as r the particular problems of he Italian economy. IRI, thereore, found itself once again, ur decades after its birth, ith some fairly fundamental bs of reconstruction facing it.

Disastrous

Perhaps the most marked ange of fortune has been exrienced at Alfa Romeo. With sastrous timing, the car manucturer was moving its main ant out of the centre of Milan the suburb of Arese, buildg a brand new plant at Pomigino D'Arco, south of Naples d launching two major new odels—the Alfasud and the Altta—when the energy crisis ruck. Inevitably, the company hich had been fairly consisntly profitable, since its takeer by IRI, was driven into its st loss in 1973, a small one, hich became substantial in 74.

In October 1974, Dr. Gaetano ortesi, was appointed the new esident of Alfa Romeo. An I man since the Thirties, Dr. ortesi had graduated as an onomist from the Bocconi niversity in Milan and done st-graduate work in Berlin, the LSE and Yale before joining the textile division. More recently, he was in charge of Fincantieri, the Italian state shipbuilder, after helping to bring about the merger of its largest component Italcantieri.

Dr. Cortesi knows much more about ships than about cars, but he brings to Alfa Romeo, a vitally important international outlook. For the company, which has in the past exported little, except to the neighbouring countries of Switzerland, France and Germany now has to look to export markets for its recovery. Production, which doubled in four years, falls short of capacity which has increased four or five-fold in an attempt to convert Alfa Romeo from a small specialist producer into a European scale company, in a very short time.

The productive capacity has expanded faster than the ability of the marketing network to sell it or the labour force to produce it. Thus Alfa Romeo finds itself in the peculiar position of having a shortage of supplies of the economical Alfasud, built at Naples, and too many Alfettas and 2000s, which are built in Milan.

The constraints which IRI, acting for the Italian Government, and the labour unions, place on Alfa Romeo are quite severe. Dr. Cortesi explains: "The philosophy of IRI is not changing, but the possibility of implementing and achieving that philosophy is changing. For instance, we cannot expand Alfa Romeo unless we invest 60 per cent. of what can be freely located in the Mezzogiorno." At the same time, the company has had to give a guarantee to the unions that there will be no lay-offs during the present contract period.

Since IRI itself raises most of its capital through bank borrowing — the capital base accounts for less than 10 per cent. of net assets—these constraints make it awkward to achieve the rates of return needed. As an experiment, a few years ago, Convertible Loan stock in Alfa Romeo was issued and bought mainly by small shareholders, but in current circumstances their is little incentive to convert. And as Dr. Cortesi ruefully remarks: "Nobody is compelled to lend you money unless you pay interest."

Alfa Romeo's recovery, in Dr. Cortesi's view, will be dependent on the success of its cars abroad. In the past, when production capacity could be satisfied by Italian demand alone — Alfa's became the favourite choice of business executives, playboys and the Mafia — there was little incentive to export. But after the over-expansion of 1973, the company has been forced to be more aggressive: sales outside Italy have increased from the 45,000 of 1972 to 120,000 this year, and would have been still higher if more Alfasuds had been available.

Alfa Romeo's biggest problem, like that of Italian industry in general, remains the labour situation. As Dr. Cortesi put it "We have the product, we have the facilities, we have a sales trend which is anomalous in the market. So we have all the ingredients to make a cake. What is lacking is the productivity."

"Strikes," he says, "are like rain in Milan. They come every few days and last for an hour or two at a time." Last year, Alfa Romeo's Arese plant lost a total of 12 days work per man, but they were lost an hour or two at a time. The strikes have little to do with company policy: the most recent was to protest the lack of adequate transport facilities in Milan; and there have been others to protest the fate of Innocenti workers in the plant nearby.

This year, however, has been the most peaceful ever in Milan, where a local Communist-Socialist Government has helped to keep order. As Dr. Cortesi says "If we had a Communist national Government in Italy, there would not be a single hour of strikes."

He muses that "even if we became Communist there will still be people who want a better car than the rest." And he says that Alfa Romeo's size is now right for building a quality car, with a production that should edge over 300,000 in the next year or two. "We believe that the logical car for Europe is a 1200-1600cc five-seater with lots of space. There are two philosophies in Italy, Fiat's and ours. Fiat insists on a small car, but we can build one that is 80 kilos heavier at no greater cost, so we bank on the medium size." He adds: "From 1977 unwards, we will be looking at a mix that is either all new or very young. The new cars that are coming out are very good and we feel very safe."

There is little doubt that the engineering quality of its products is what has carried Alfa Romeo through. Without the success of the Alfasud car, the Naples plant would have proved a disastrous experiment instead of merely a very expensive one. Dr. Cortesi comments that "it would have been better to set up small satellite plants throughout the South, each building small parts of the car, instead of lumping them all together at Pomiglian d'Arco. Naples he adds "has grown as a separate organisation outside Milan, designing and building its own seats and all its own parts. Now we are saying that where there is a screw that will work in the North and the South we will use it in the North and the South. We are saving £200,000 a year by building seat backs in Milan and bottoms in Naples."

Low productivity is a serious problem in both Milan and more acutely in Naples, where the workers have mostly come straight from small farms. As Dr. Cortesi remarks wryly "Alfasud was not intended to solve all the employment problems of Campagna." He explains that workers were chosen by the local political parties not for their suitability for factory work. In one famous episode, the construction workers struck with the demand "we built the plant, now we should build the automobiles."

In the event, many of them did not enjoy their first taste of factory life either in the South or the North, where half the workers are Southerners. As Dr. Cortesi explains "When they came into a cage, because a factory is a cage, they reacted against it." Rather gingerly, after a moratorium during the period of short time working when it would have been impolitic, Alfa Romeo is now working with the unions in studying ways of improving its productivity. Even so, it is committed to hire another 700 extra workers next year, and has been put under pressure to take on some of the Innocenti workers, too.

Labour unrest, low productivity and lack of discipline will continue to plague Alfa Romeo and reduce the obvious potential of its brilliant designs and its modern facilities. Even Dr. Cortesi, who is used to the problems of the shipyards was taken aback by the strike record in Milan and Naples. He blames this largely on lax Italian labour law and militants in the unions who have little respect for the future of the concerns for which they work. "If we moved our plant to Switzerland" he says "we would have no strikes, even though all the workers were Italian." The problem of Alfa Romeo, to-day, is at heart, a political problem perhaps connected with the future of the free enterprise, free labour situation in Italy itself. But one may be sure that even if democratic freedoms in the work place are abolished by some future authoritarian governments, the commisars will ride around in Alfa Romeos.

GUIDO CARLI

An independent role

BY ANTHONY ROBINSON IN ROME

GUIDO CARLI'S acceptance of a part time consultancy position with the First Boston Corporation announced on Wednesday is in the last analysis a consequence of his respect for the way in which the U.S. system searches out talent and keeps men and ideas circulating. Since leaving the Bank of Italy last August after 15 years as Governor he has received many offers.

He accepted the offer of The First Boston Corporation because by working outside the Corporation's London and New York offices he hopes to keep in contact with this world of talent in search of new solutions, and also have a base outside Italy from which to operate in his new role as "an independent economist." In broad terms his role at First Boston will be advising on international financial matters to both governments and corporations. Interestingly enough First Boston recently agreed to help Saudi Arabia's largest commercial bank, the National Commercial Bank of Jedda, to set up its own international investment department. But Sig. Carli underlines that he expects to advise on international financial matters in general and sees his role principally as that of helping to understand and clarify the nature of problems rather than that of suggesting solutions.

International

He stresses that his agreement with First Boston is on a part-time basis, and also that any involvement with Italian companies, either in connection with First Boston or independently, will be limited to advice on their international activities.

He clearly values his own independence after 15 years as Central Bank Governor and sees his functions as that of a "*mina ragante*," literally a wandering explosive mine free to bump up against financial and other problems and explode the conventional analysis if need be.

Since leaving the Central Bank Sig. Carli has installed himself in rather bleak offices near the Grand Hotel. There is no nameplate on the door and a minute secretarial staff. But he maintains close contacts with the Bank of Italy.

Sig. Carli's principal interest is the causes and consequences of the continual decline in the proportion of equity capital vis a vis the total financial assets of companies. This is a problem which has reached dramatic proportions in Italy, where the deficiencies of the capital market, inflation and the general disintegration of society and its institutions has enormously increased bank indebtedness to a point where the survival of the firm and the question of who is responsible, who takes the risks and who is entitled to the eventual profits, are all in question. But he believes that these are problems common to capitalist society in general. They have been magnified by the consequences of the energy crisis which has produced the highest inflation and deepest recession since the war together with a further dangerous widening of the gap between the industrialised countries and the fourth world.

At the heart of these problems he believes is a fundamental crisis of authority, the largely unregulated increase in international liquidity and the increasing tendency of governments to substitute discriminatory piecemeal intervention in investment and production decisions for general fiscal and monetary solutions, to problems seen and tackled in their true overall dimension.

Inflation

Both this tendency and inflation itself are, Sig. Carli believes, basically consequences of a fundamental crisis of authority. The consensus between rulers and ruled has broken down, and the result is a deteriorating trade off between investment, inflation and growth. He quotes from a recent book *L'inflation au cœur* by two French economists and sociologists to illustrate his belief that the bourgeoisie no longer has the authority to impose a given order of society and has chosen inflation rather than the use of force to maintain itself in power. Inflation gives a temporary illusion of satisfying material demands but can only function, as in some developing countries, if sufficient real resources are still available for investment and growth. This is no longer the case in most developing countries as organised labour and the demand for greater participation in power has reduced this ability to accumulate and invest capital.

But the solution to this complex problem he underlines is not, as some suggest, restrictions on democracy but greater democracy through greater participation in decisions at shop floor and other levels to create the basis for a new social and political consensus.

Significantly he acknowledges the role of the Italian Communist Party in analysing the nature of the contradictions facing Italian society and its role in working towards such a new consensus. This does not mean that he necessarily accepts the solutions they put forward, but he values the seriousness of their efforts in a society like Italy, which is showing some of the most extreme symptoms of crisis but also some of the clearest signs of working towards a new approach to contemporary problems.

At the same time he also clearly respects the tough approach shown by the Ford administration to the financial problems of New York, which he sees as an attempt to break the vicious circle of ever increasing indebtedness which is undermining the capitalist system.

A Buddhist company doctor

BY CHARLES SMITH IN TOKYO

WHEN JAPANESE businessmen read about the dilemma of the U.S. Government over whether or not to come to the financial rescue of New York City they are inclined to wonder what all the heartsearching is about. The reason is that, in Japan, quite big companies (though not as yet any big cities) have been known to go technically bankrupt without causing many of the upheavals which seem to be taken for granted elsewhere.

The system which makes it possible for the Japanese economy to survive and flourish with what some people would regard as an alarmingly high bankruptcy rate (well over 1,000 cases a month at present) involves a corporate rehabilitation law under which "deserving cases" of bankruptcy can be put back on their feet, a great deal of mutual understanding between creditors and debtors, and a corps of specialists in company rescue some of whom have been doing the job for three or four decades. The merits of the system were advertised by the case of Kohjin Company, the pulp, textile and property conglomerate, which became Japan's biggest bankruptcy case when it failed last summer with debts of Y150bn. (£240m.).

When the president of Dai-Ichi Kangyo Bank, who was also the unofficial chairman of the Kohjin Creditors' Club, decided in late August not to provide the massive loans which would have been required to keep Kohjin afloat he probably knew quite well that his decision would send shock waves through the Japanese economy and force the Japanese Government to introduce urgent inflationary measures. He must also have known that the very banks which were refusing to help Kohjin would probably have to step in with some form of emergency assistance once the bankruptcy had been duly registered. Finally, Dai-Ichi Kangyo and Kohjin's other major creditors may have had a shrewd suspicion that the man eventually appointed to put the company back on its feet again would be 78-year-old Mr. Tanezo Hayakawa.

Drop out

Mr. Hayakawa, who rescued his first bankrupt company 44 years ago and has put ten more on their feet since, is not most people's idea of the professional receiver, one of the least promising graduates ever of Keio University's School of Economics (Keio is a fashionable private university in Tokyo) he failed his finals five times and finally did the 1920s equivalent of dropping out by taking a job as a house painter. Painting houses earned Mr. Hayakawa 3 Yen a day (about 3,000 Yen in to-day's money) but his business acumen came to the surface when he switched to selling paint. Before long he found himself one of the creditors of an ailing metal working company, Tokyo Kentetsu.

Mr. Hayakawa's experience with Tokyo Kentetsu, whose board he joined when the company finally collapsed in 1931, gave him the experience on wich he based most of his subsequent reconstruction exercises. The company was renamed and absorbed into the Mitsubishi Group where it eventually rose to become an aircraft assembler during the Second World War.

The immediate post-war period provided plenty of opportunities for rescue operations including a second one on Tokyo Kentestu (now renamed Nihon Kentetsu) which ran into trouble after the collapse of its aircraft business.

By the 1964 recession, when Japan produced the biggest crop of bankruptcies since the start of its economic miracle Mr. Hayakawa was already at the top of his profession. He was given the job of reconstructing Japan Special Steel which failed with 20bn. worth of Yen debts in 1964 but subsequently resumed normal operations under his chairmanship. At the time he was called in to rescue Kohjin Mr. Hayakawa was still working on another 20bn. Yen failure, the agricultural machinery company, Sato Zoki, whose reconstruction is now in its final stages.

Mr. Hayakawa, who is a Buddhist, lists the Buddhist quality of self-effacement as one of the qualities needed by the company reconstructor. He apparently means by this that you have to be unselfish to want the job in the first place and that waiting in the background can sometimes be a good way of helping the various interests involved in a company collapse to resolve their differences. He also presents himself, for the record, as the friend of workers and the scourge of creditors in his various rescue operations.

Mr. Hayakawa likes to make radical sounding criticisms of the Japanese banking system which, he says, "holds an umbrella over industry when the weather is fine and folds it up when it rains." He has taken a very conciliatory line so far with the 3,000-strong Kohjin Company Union, which is campaigning to keep all its members in their jobs during the reconstruction programme. But the record of previous Hayakawa rescue operations suggest that the crunch usually comes sooner or later for employees of reconstructed companies. Both Tokyo Kentetsu and Japan Special Steel came back to life with considerably smaller labour forces than they had employed before their failure.

Friends

Mr. Hayakawa may be a radical at heart, but he himself is only too willing to admit that he has a rather impressive list of friends in the top echelons of big business. His experiences with the Tokyo Kentetsu rescue operation forged a link with the Mitsubishi Group, which should come in useful where Kohjin is concerned since Mitsubishi Trust Bank and Mitsubishi Corporation (the Group's trading company) are two of Kohjin's major creditors. A friendship with the president of Nippon Steel (Japan's number one steel company) which began at a Geisha party helped Mr. Hayakawa to rebuild Japan Special Steel. At Keio Mr. Hayakawa made five times as many friends as his classmates by virtue of failing the exam five times over and not a few of those friends are now senior businessmen.

Mr. Hayakawa thinks it will take up to ten years (or until he is 88) to put Kohjin back on its feet. Work began, however, on the day the Rehabilitation Court accepted the company's plea for salvage and the first stages of the rescue plan (involving a bank loan to enable the company to meet anti-pollution requirements next year) are already in the pipeline. Kohjin has come out with a new cancer medicine since it failed and according to its labour union is still functioning at almost normal capacity—normal that is by the standards of Japan's current recession—at most of its major plants. The Kohjin failure may or may not turn out to be Mr. Hayakawa's biggest success—he may not live long enough for one thing. But it seems certain to be another instance of the dictum that in Japan going bankrupt can sometimes be just part of the day's work.

THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 15 Hanover St. .. 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.50.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 222596
Frankfurt: Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 129037
Rome: Via della Mercede 55 .... 678 3314
Stockholm: Riddargatan 7, 105 17 Stockholm. Tel: 50 60 88
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Toronto: 285 Ont. & Charles St. E. 416 921 5575
Jo'burg: 411 Saxlam Building, Commissioner Street, P.O. Box 2128, 838 7009
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920

FRIDAY, DECEMBER 5, 1975

Good for the long term

THE REPORT into the dispute between the blastfurnacemen and the British Steel Corporation about the commissioning of a large new blastfurnace at Llanwern—a dispute which earlier in the year threatened to shut down the whole steel industry—is diplomatic, in the sense that it has criticisms to make about the conduct of both sides in the dispute, and constructive, in the sense that it lays down some useful guiding principles about the settlement of pay levels in similar situations and suggests various ways in which relations between the Corporation and the trade unions with which it has to deal could gradually be improved.

This achievement is not to be lightly dismissed. It is pure gain that the Court of Inquiry should report unambiguously that it is unjustifiable for one small section of workers to claim large pay increases because their productivity (rather than their work-load) is suddenly to be increased as a result of heavy capital expenditure on new plant. The clear implication of this principle is that the "enormous reversal of present pay relativities" involved in the NUB claim is not justified. It is also pure gain that it should recommend not only changes in basic relativities and a flexible use of job evaluation but that present joint working arrangements should be extended to cover questions of pay, first at works level and then in a joint national council for the industry as a whole.

Rivalries

Such a proposal inevitably raises the issue of traditional differences and rivalries between different unions engaged in the steel industry and touches on another, the vexed question whether differentials should be based mainly on skill, however defined, or mainly on the arduousness and unpleasantness of the work concerned. But in an industry which is going through so great a technical upheaval and is involved in such massive capital investment, traditional union differences and rivalries will have to be tackled sooner or later. The longer this particular problem is left aside, the greater will be the difficulty of ensuring that the industry's investment plan produces an adequate return on its extremely large cost.

Part of the trouble with the National Union of Blastfurnacemen at Llanwern is no doubt due to the relatively small size of the union and its fear of eventually being swallowed up in something much bigger. Such a fear may help to explain the difficulty which the Court of Inquiry obviously found—though it also has criticisms enough to make of the Corporation's management—in seeking a rational basis for the dispute as a prelude to suggesting some rational means of settling it: "much of the evidence we received about the course of the negotiations," its report states, "had a curious element of unreality about it." Such a fear may also help to explain the union's curiously ambiguous first reaction to the Court's recommendations.

Gap remains

The Court made it plain from the outset that it would not recommend specific pay rates in an attempt to bridge the wide gap between the NUB claim and the Steel Corporation's offer. But it has made two particular suggestions about means of making the Corporation's offer of terms for commissioning and operating the new plant more attractive. It is not clear on the face of it whether these are compatible with the voluntary ceiling on wage increases: the Department of Employment faces the dilemma of ruling them out of order and making negotiation between the two sides more difficult or allowing them and inviting a rush of other claims through the loophole so created. Talks between the two sides were resumed a few days ago, before the publication of the report, and it is difficult to believe that the contents of the report will have no influence at all on their course. But nor, unfortunately, is there any immediate reason to assume that either the NUB or the Corporation is ready to shift very far from their previous, widely-separated positions.

A significant move from France

THE FRENCH show of interest in extending European armaments collaboration is potentially one of the most encouraging developments in European defence for some time. Yet it is such a delicate matter politically that the French Government has so far made no formal announcement and it remains unclear what the next move will be.

Absence

In brief, France has responded favourably to an initiative taken by the Defence Ministers of the ten-nation Eurogroup at their meeting in The Hague last month. The French have never participated in this group since it was established in the days of President de Gaulle, who thought it too much under the shadow of the Americans. Its purpose is to co-ordinate and improve the European defence effort. Its progress has been hindered, however, by the French absence, more especially in the recent past when it has come to deal with such questions as arms standardisation and joint procurement and production. The French have a large arms industry, heavily dependent on exports, and if there is to be a European policy on procurement, it would have a greater chance of success with French participation. The French indeed may have realised this themselves when, earlier this year, they failed to win the so-called "arms deal of the century" and a group of European countries ordered American rather than French aircraft. Had there been a European arms policy, French industry would surely have stood a better chance. Nevertheless, successive French Governments have continued to insist they could have nothing to do with the Eurogroup.

The Eurogroup sought a way out of the impasse last month when it put forward three new suggestions: the possibility of a new independent forum on arms collaboration which would be open to all European members of the Alliance: a European defence procurement secretariat; and a study of the tasks which a European defence procurement organisation might undertake. The suggestions were kept deliberately vague and were submitted to the French through the Belgians. It now appears that, in an equally vague way, the French have accepted in principle the first and the third—the new independent forum and the study of the possible tasks.

Clearly there is a great deal still to be discussed and plenty of room for disagreement. It is quite likely, for instance, that the French will propose that the new forum should be none other than the European Community. In this they would be in tune with some Community thinking, but certainly not with the present British Government which is adamantly opposed to giving the Community a defence dimension. It is also possible that even the modest French response so far will run into an unacceptable degree of domestic opposition—for example, from M. Michel Debré, the former Defence Minister and Gaullist Prime Minister, and from the Communist Party.

Lower cost

Yet a start has been made and the potential rewards are great enough for it to be worth the rest of Europe making considerable efforts to maintain the momentum. On the purely military level a joint procurement policy ought to produce greater efficiency at lower cost, and indeed the very aim of joint procurement ought to compel greater attention to the need for a common military doctrine. But the rewards ought also to extend into the industrial field. Joint production means rationalising European defence industries and that is one way into a common industrial policy. None of this will happen very quickly, but when the Eurogroup meets again in Brussels on Monday it will be worth determining to proceed with the maximum of tact and flexibility.

In our second article on Europe's future energy needs, **David Fishlock**, Science Editor, examines the prospects for Britain after the North Sea bonanza and looks at alternative sources of energy

Cold comfort when the North Sea runs dry

A MYTH almost as well entrenched as that of the Loch Ness monster holds that anything out of the sea must be free. The "gold-from-seawater" syndrome still afflicts many commentators on energy matters, who have scarcely begun to accept that harnessing resources of the North Sea involves rather more—about £5bn. worth of investment—than sinking a few pipes into the seabed and letting the hydrocarbons pour ashore.

It certainly still afflicts those who think that other energy resources from the sea—tides, waves, winds or deuterium (heavy hydrogen) to fuel nuclear fusion reactors—might be tapped simply or cheaply, even compared with present-day nuclear energy. Unlike the hydrocarbons all these resources, although prodigious in sum, are so thinly spread as to demand immense amplifiers of unresolved complexity if they are ever to be used on a significant scale.

Dr. Fritz Haber, a famous German chemist, spent ten years between the world wars trying to extract gold economically from seawater to pay off German war reparations. He died disappointed—as, surely, will some of the advocates of the so-called "benign and renewable" energy resources apparently available to the U.K. But not all, we must fervently hope. Even the very modest assumption that Britain's energy needs will grow by an average of no more than about 2 per cent. a year implies that to-day's demand will have doubled by the end of the century. By then, North Sea gas may well have run out (though gas from coal may have taken its place), and even its oil may have begun to dwindle.

Rich in energy resources

In order to put some figures to the assertions so confidently made by protagonists for the various "benign and renewable" energy alternatives, the Department of Energy set up a "think tank" at Harwell in June 1974. Unlike the U.S., which as a senior energy official remarked at the time, "cannot afford the luxury of a business-like appraisal of the options," Britain is comparatively rich in energy resources for the medium term. The first task of the Energy Technology Support Unit led by Dr. Keith Dawson was to determine whether any of the alternatives could be taken more seriously than farmyard manure as a long-term alternative to nuclear energy.

Dr. Dawson admits that the conclusion of ETSU's first published report is "in some respects a disappointingly low figure but not a negligible one." It finds that the five alternatives it has studied — waves, tides, wind, geothermal and solar energy — could at best contribute no more than 6 to 8 per cent. of Britain's energy requirements by the end of the century. The accompanying table illustrates how the 6 to 8 per cent. might break down between the five options: one significant point being that, although geothermal energy ("hot rocks") has been given a great deal of publicity, it is one of the less promising prospects for a nation with rocks as old and as stable as Britain's.

Dr. Dawson believes there are different ways of reading his estimates. One is that a total of 33m. tons of coal-equivalent (mtce) could be a very valuable contribution to an ominously wide energy gap that will confront Britain by the year 2000. He sees little prospect for growth in any of the three fossil sources and none at all in hydro-electric power.

Daunting prospect

This leaves nuclear reactors to fill the energy gap: "a daunting prospect" Dr. Dawson admits, for it implies an expansion of 20 times Britain's nuclear capacity at present. It is daunting for three basic reasons. One is the magnitude of the engineering effort required to construct a sufficiency of reactors and associated fuel facilities, having regard to the fact that Britain is virtually rebuilding its nuclear industry from scratch. Another is that Britain, having no indigenous uranium resources—except, of course, the sea, which contains 11 tons per cubic mile (compared with 16 kg. of gold)—cannot be certain of securing enough uranium in world markets to meet the demand.

A third reason for seeing such a nuclear expansion as daunting is possible public reaction, with doubts in many people's minds about the safety of something historically so closely associated with military activities. While many of the areas of doubt exploited by nuclear energy's critics in the past few years have now been satisfactorily resolved, two of the more recent targets are quite fundamental to the future of any big nuclear programme.

One is nuclear waste and the public acceptability of the process of concentrating the earth's natural radioactivity which goes on in any nuclear reactor. If we are unwilling to accept responsibility for storing a growing volume of highly radioactive reactor waste safely, we automatically reject the nuclear option, and presumably abandon even existing reactors.

The other nuclear target is the fast "breeder" type of reactor, more advanced and technically more difficult than reactors operating commercially to-day, but capable of making much better use of uranium, by extracting 50 to 60 times as much energy from it as present-day reactors. Technically, the fast reactor must be considered far and away the best prospect in sight for fuel conservation. But it must also be admitted that it invokes novel hazards, different from those of present-day reactors, the control of which is still a matter for debate among the experts.

To return to the ETSU's appraisal of the alternatives to—effectively—nuclear energy in filling the gap, Dr. Dawson warns that another way of seeing the 6-8 per cent. that they might afford by the end of the century is to accept that even to achieve this modest tally presents a spectrum of technical difficulty that we are unlikely to be able to span as a nation. At one end we have the comparative simplicity of wind energy where the basic technology is already established: at the other we find wave power, where the technical feasibility has yet to be proved.

At the moment the ETSU sees wave power as the most promising bet, noting that no fewer than 350 wave power devices have been patented in Britain in the past 100 years. On paper the energy available from waves is immense—equivalent to about 70 kW per metre of Atlantic-facing coastline—and since it is greatest in winter this would be in phase with electricity demand. ETSU is especially impressed by the work of Dr. Stephen Salter at the University of Edinburgh, inventor of the "rocking duck" concept of harnessing waves.

But the development gap between his laboratory rigs and electricity-generating "amplifiers" the size of supertankers, anchored some miles offshore, is wide, and one that only the technically very naive would argue at this stage can be solved more simply than the remaining problems of the fast reactor.

"Nevertheless, the concept seems worth pursuing," concludes the ETSU, "because it offers the prize of a substantial contribution to our energy supplies from a new, renewable and relatively indigenous source."

Even so apparently straightforward an alternative as a barrage across the river Severn from Weston-super-Mare to Cardiff, one of the world's most promising tidal estuaries, where the tidal range is high, the geography favourable and the location within easy reach of the electricity "grid," would take us into the unknown. No one, anywhere, has yet faced the problem of closing the dam against such high water velocities as the Severn would experience as it neared completion. Almost certainly the dam would have to be built from the bottom up, not out from the sides as is customary.

Certainly, at this stage no one could accurately estimate the cost. But one of the most persuasive protagonists of a Severn barrage, Dr. Tom Shaw of the University of Bristol, reckons it could be £1.5bn. The Central Electricity Generating Board, into whose parish such a project would fall, says that the most promising tidal scheme it can visualise would contribute no more than 2 per cent. of U.K. energy requirements by the year 2000.

As for tapping geothermal energy by drilling deep into the earth at the most promising places, such as in Cornwall and Durham, the prospects were crisply summed up this week by the man to whom the ETSU reports at the Department of Energy. "It certainly doesn't excite me as much as wave power," said Dr. Walter Marshall, the Department's chief scientific adviser.

Dr. Marshall's main task is to design a long-range strategy for energy research and development for his department. He is looking to the ETSU for figures where previously we had little more than subjective assessments. So far he has accepted the ETSU's conclusions that waves, tides and "hot rock" all warrant some cash for more exploratory research in the hope of widening the options open to Britain in 15 years' time. In another few months he will have the benefit of more detailed studies of solar and wind energy in Britain, on which to base a decision whether these too deserve some research cash.

But Dr. Marshall must also weigh the cost and the technological risks against the size of the gap, and against the cost and risks of his main option at present for filling the gap. This is the fast breeder reactor, a type that exists to-day in substantial size—250-350 MW—in only three countries, France, Russia and Scotland.

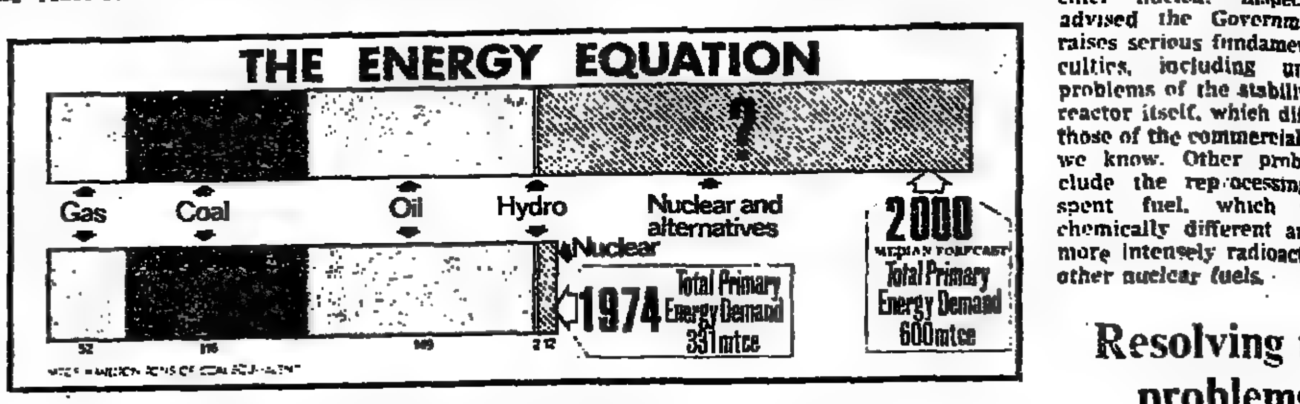
This is a reactor which the chief nuclear inspector has advised the Government still raises serious fundamental difficulties, including unresolved problems of the stability of the reactor itself, which differ from those of the commercial reactors we know. Other problems include the reprocessing of its spent fuel, which will be chemically different and much more intensely radioactive than other nuclear fuels.

Resolving the problems

In a letter published this week containing enough ambiguities to be interpreted in highly conflicting ways, Sir Brian Flowers, as chairman of the standing Royal Commission on Environmental Pollution, has told the Prime Minister that his watchdogs of the public interest believe that such problems could best be resolved by building a big demonstration fast reactor. Such a project is likely to cost up to £1bn. — but if successful would generate as much power as a Severn barrage.

Sir Brian makes it plain that they believe that Britain should do this alone, untrammelled by either commercial pressures or pressures from partners overseas to proceed swiftly with a large power programme. They believe it should be built on a remote site—in reality this means about 20 miles or more from a major centre of population—and should be self-supporting for all fuel and waste fuel services. Not least of the matters needing study would be the security of such a "nuclear park."

His letter stresses that the Royal Commission has faith in the feasibility of some of the benign and renewable options. What it fears is that a timorous Government will keep postponing the decision to build a big fast reactor until the day when it becomes starkly plain that the alternatives will never provide all the energy Britain needs. No risk known at present would be greater than that of a crash programme in the 1980s, in which vital corners could well be cut. As Sir Brian said acidly of the hapless advanced gas-cooled reactor (AGR) programme: "It damned nearly happened on the thermal systems—some would even say that it did."



FILLING SOME OF THAT GAP
BENIGN AND RENEWABLE ENERGY SOURCES

Source	Annual mtce	% of estimated demand by 2000†	Major limiting factors*
Waves (electricity)	15+	3	Technical
Tidal (electricity)	12+	2	Geographical
Wind (electricity)	6+	1	Geographical
Geothermal (heat)	4	0.8	Geographical and technical
Solar (heat)	4	0.8	Rate of house building

† Assuming about 30 per cent overall efficiency of electricity production and distribution.
* In addition to economics

MEN AND MATTERS

Pointers

The mini-reshuffle in Government places announced yesterday as a result of the departure of Lord Balogh and Lord Beswick may not have produced spectacular fireworks, but it has turned up some quite interesting political pointers. Not surprisingly a couple of Wilson favourites get promoted, but in addition the Prime Minister appears to have made some other astute moves.

Gerald Kaufman, an ex-journalist who moves up to Minister of State at the Department of Industry has long been closely associated with Wilson, and was once his PPS. Kenneth Marks is another former Wilson aide, and he is awarded his first ministerial post as Under-Secretary at Environment.

But the more interesting moves politically are the elevation of John Tomlinson, and John Smith. Tomlinson, who has been an MP only since February 1974, becomes Wilson's new PPS and is a member of the Manifesto Group which carries the banner for the moderate and right wing elements of the party, so his appointment will hardly please the left. Smith who becomes Minister of State for Energy as number two to Wedgwood Benn will have special responsibility for North Sea Oil. In view of recent EEC arguments over energy and representation (in which our own Prime Minister figured prominently) it is significant that Smith unlike both his boss and his predecessor Lord Balogh, is a committed and fervent supporter of the EEC.

Pay problems

Jack Jones, the Transport and General Workers leader who is champion of the Government's counter inflation pay policy, is practising what he preaches. He is ensuring that pay negotiations for the union's 500 officials and 700 staff adhere strictly to the policy. But not all TGWU officials are happy with the result — which initially is worth only an additional £1.60 a week. This is because rather than have the maximum £6 a week flat rate increase allowable under the policy, the union has just extended its previous cost of living threshold arrangement which expired in July after adding some £10 a week to wages.

The threshold arrangement will continue to trigger automatic 40p increases for each 1 per cent. rise in the Retail Price Index although this will cut off when the increases since last August reach the £6 limit. While some TGWU officials accept that they have done quite well from the threshold increases over the past year, others are clearly unhappy that they will not receive the full £6 rise from their September annual payment date.

The new baronet

Dallas Bernard, who has just succeeded to the baronetcy on the death of his father, Sir Dallas Bernard, decided to join the merchant banking company of Morgan Grenfell largely as a result of his father's connections with the Bank of England. When he came down from Oxford in 1950, it was the first Lord Catto, Governor of the Bank from 1944 to 1949 and previously with Morgan Grenfell, who suggested it.

The new Sir Dallas's father had himself, during a long career, included a spell as a director of the Bank rising to Deputy Governor. The circle is completed by the role of the present Lord Catto, who followed his father into merchant banking and, is now chairman of the Morgan Grenfell Bank.

A director of the bank and of its holding company, Sir Dallas has until recently been in charge of the corporate finance division and sees continuing opportunities for merchant banks with the right expertise and sufficient adaptability to develop their business in spite of the weight of their bigger commercial banking competitors.

His father's varied history provides an example of adaptability which could be a lesson to merchant bankers. In his 87 years he went through at least three major careers. His first was in Far East trading, where he rose to be managing director of Jardine Matheson and occupied a leading position in banking and commerce. After returning to London in 1928, he filled a number of important posts before moving full-time into the Bank. And in his last industrial role he occupied the chair of Courtaulds in the difficult couple of years immediately after the 1962 dust-up with ICI.

"Anyone who picks your pocket and then makes an offer for your suit ought to be kept at arm's length!"

Insured

Remember Saul Steinberg — the American financial whizz-kid, who started about a decade ago with $25,000 of borrowed capital; built up the concept of computer leasing via his company, Leasco, and was mauled in the run-in with Robert Maxwell over the acquisition of Pergamon in 1968-69. Now Steinberg is back in London for the first time, formally since the Pergamon affair, and giving us all the good news again, but this time about the insurance industry.

The U.S. insurance industry has taken a battering, he admitted, in the last couple of years. Underwriting losses in 1975, for example, could exceed the $2.7bn. lost in 1974 by as much as 50 per cent. In addition, 1974 inflation rates were double insurers' expectations, and excessive price competition had also squeezed returns.

But the regulators are now apparently permitting far healthier rate increases, and premiums are catching up with higher inflation rates. Since investment income is showing steady growth, insurance operating profits will rise sharply as soon as underwriting losses decline. This is the basis of Mr. Steinberg's optimism.

Plainly both Leasco and Steinberg have changed considerably. Leasco acquired Reliance Insurance in 1968 for a mixture of cash and Leasco equity, and the whole operation changed its name into the Reliance Group in 1973. A major acquisition in the insurance field has just been concluded which should go some way to wipe out memories of last year's loss of $16.1m. on the computer leasing side.

So that's why

A 5-year £200,000 "scientific survey" of the Irish language has just reported that if only 4 per cent. of the population speak it frequently it is perhaps because only 40 per cent. of the teachers can speak it fluently.

Observer

هكتبر امن الاهل

POLITICS TO-DAY

BY DAVID WATT

Parliamentary privilege and the Press

'In political journalism, there is an inescapable tension between the politician or civil servant and the reporter, a tension arising from each side's self-interest and each side's necessarily rather biased interpretation of what is in the public interest'

[NE]WSPAPER stories about the [diffi]culties of the Press and the [...]le conduct of individual re[port]ers in overcoming them [...]nally seem to me a great [...]. It is the job of journalists [to g]ather information that is of [pub]lic interest and then publish [it] and since this is a process [whic]h is often highly inconveni[ent] to interested parties, it is [...]e in the extreme to expect [it to] be easy—or, if it is difficult, [to m]oan about the fact.

[In] political journalism, to be [part]icular, there is an inescap[abl]e tension between the politi[cian] or civil servant on the one [han]d and the reporter on the [othe]r, a tension arising from [each] side's self-interest and [each] side's necessarily rather [bias]ed, interpretation of what is [in t]he public interest. Politi[cian]s and civil servants are [elec]ted and appointed to be [guar]dians of the public interest [whe]reas journalists are not. It [follo]ws that the political re[port]er, who is occasionally ob[liged] to set his own judgment [of] the public interest above [that] of the politician, must not [be e]ither surprised or unduly [aggr]ieved if he is made to pay [a pe]rsonal price for his inform[ation]. He is right to do it from [time] to time. He is wrong to [thin]k he may not have to suffer [for] it.

[Al]l this is by way of apology [for] raising here the question [of T]he Economist and its brush [last] week with the Committee [of P]rivileges of the House of [Com]mons. Here, after all, is an [open] and shut case. The maga[zine] printed an account of the [draf]t report of the Select Com[mitte]e on a Wealth Tax. The [maga]zine's editor and the writer [of t]he article admit that the [publi]cation was a contempt of [privi]lege although it was in the public interest that the article should have appeared. One's normal reaction would be that they took their risk with their eyes open and should not now complain that the Committee of Privileges, predictably enough, censures them for contempt and recommends punishment.

But this case seems to me to raise wider issues which are worth discussing, as well as providing a classic example of the mutual lack of comprehension which at present bedevils the relations between politicians and the outside world. In order to establish this point, some recapitulation of the facts will be required but I hope that these can soon be disposed of.

Unidentified

These (undisputed) facts are that *The Economist* published an article last October by Mr. Mark Schreiber, one of its specialist writers, giving an authoritative account of the Report, then still in draft, of the Select Committee on a Wealth Tax. The Committee had taken much evidence in public and the line its individual members were likely to take was well established. It was not known generally exactly how Mr. Douglas Jay, the chairman, would try to sum up the consensus of the committee, if there was one, but his draft report on such a delicate subject clearly could not be finalised without being shown to various interested parties for comment. To this end a number of copies were made and the contents became "known" to such people as Government Ministers and representatives of the CBI and TUC.

The Economist account disseminated this knowledge to a much wider audience. It was based on Mr. Schreiber's having been shown a copy of the draft by some person whom he has declined *to identify*. The rules as recorded in *Erskine May* state that "no act done at any committee shall be divulged before the same be reported to the House," and the publication was therefore a contempt.

So far so good. But the seriousness of a contempt may, as the Committee of Privileges says, vary with the circumstances of each case. It may be assumed that the Committee takes a serious view of this particular breach because it (a) recommends the banning of Mr. Schreiber and Mr. Andrew Knight, his Editor, from Parliament for six months, (b) revives an old suggestion that fines should be imposed in any similar cases in the future and (c) lectures Mr. Schreiber for "wholly irresponsible" conduct and Mr. Knight for "recklessness."

The Committee bases this hostile attitude (which comes out even more clearly in members' questions to the two journalists) in part on its explicit view that the disclosure of a draft report "cannot be regarded as other than damaging to the work of Parliament." But the Committee evidently felt that the offence was aggravated by the fact that Mr. Schreiber had, as he admitted, deliberately ignored a rubric on the report stating that it was *for the eyes of Members only* and because he and Mr. Knight refused to disclose their sources. As I said at the outset I do not think that the last two charges are worth discussing here in detail, since they are the reasonable price that a journalist has to pay for setting his professional judgment against that of the powers that be and breaking the rules. What is for comment is the Committee's view about the damage done and the high moral tone in which some of its members attacked the two journalists for their temerity in taking a different view of the matter.

Obstruction

What *is* the public interest in this case? Well, it is certainly that Parliament should be able to function without the "improper obstruction" or "substantial interference" that constitutes the basis of a breach of Parliamentary privilege. It is also that the public should have the fullest access to the political issues and the fullest opportunity to influence the decisions of Parliament by legitimate means. The Committee of Privileges in its report on *The Economist* case disposes of any conflict there may be between these two principles as follows: "Members of a Select Committee may welcome and rely upon outside advice *when* taking evidence in the course of an enquiry, but their deliberations in the Committee must be conducted in the knowledge that they are and will remain private and free from outside pressure."

Now this is a rather odd formulation. (Connoisseurs will note the word "may," by the way.) For it depends on a theory that is dubious in the case of nearly all Parliamentary Committees and is doubly dubious in the case of the Select Committee on a Wealth Tax. In the case of ordinary committees, it is very much open to doubt whether it would matter if the position of individual members were known publicly. For one thing, that is already known fairly well to fellow-members who bother to take an interest. For another, the authority and persuasiveness of a committee report does not depend on its total and monolithic solidarity, any more than the Report of a Royal Commission does.

A Cabinet admittedly needs a greater appearance of collective responsibility, because Ministers have to support each other in the execution of policies. But Parliamentary Committees have a quite different function and no executive responsibility. Nobody is *suggesting* that the internal discussions of committees should be published in full—*for people have to be allowed to* say foolish things off the cuff in camera. But it would certainly not have been the end of the world, nor would it have altered the substance of what was recommended, if the Committee of Privileges Report on *The Economist* had been leaked three weeks ago or if it were now known what the position of each of the Committee's members was.

In the case of the Select Committee on a Wealth Tax there is even less necessity for secrecy, for it is not like any other Commons committee. It is, in effect, a forerunner of a kind of committee which many reformers have been urging on the House for many years—namely a "prelegislative committee." The whole object of such a body is to improve the quality of Bills, particularly very technical ones, by taking a great deal of evidence from experts and pressure groups before the final drafting and before the legislation goes through its formal stages. It is a procedure that has been adopted twice in recent years—both times on taxation—and it has generally been conceded to have worked very well. The essence is that the net should be cast wide, that the evidence should be published and, of course, that the Government has the last word. A premature leak of the draft report would hardly increase improper pressure on the committee since its whole object already was to act as a channel through which pressures could flow, and through which they had in fact been flowing for months.

Nevertheless, the Privilege Committee's Report does give an important clue to what is on its members' minds. What is evidently eating them is this picture of the wretched MP being buffeted or seduced in the exercise of his judgment. The image which is implicit in the sentence I have quoted is of a Burkean "representative" who "may" listen to his constituents and others (but then again may not) and whose pristine statesmanship must not be sullied by last-minute persuasions which are by definition sordid and "improper." In order to prevent these malign influences being brought to bear, a wall of secrecy and clubbish introspection is built round the House of Commons.

It is important for the outside world, and particularly interested parties such as media men, to recognise that these fears are not entirely absurd. Members, particularly those with sufficient seniority to get onto the Privileges Committee, are desperately conscious of the forces which are depriving them of the use of their independent judgment, and whose power is growing all the time. There is Government with its overlegislation and its contemptuous whipping. There are the trades unions who by-pass Parliament entirely, if they are not actually trying to intimidate its members (it should be remembered that *The Economist* incident came up just after Mr. Arthur Scargill's attempt to discipline the mining MPs, an attempt which the Privileges Committee did not feel strongly enough to scotch with the severity it deserved). Then there are the constituency parties with their growing pretensions to representing and enforcing the views of "the people" on their own MPs. In this atmosphere it is hardly surprising that the Commons should be collectively petrified of anything that smacks of populism.

Spearhead

The idea of *The Economist* as the spearhead of populism is no doubt a little odd, but it is characteristic of a group of men who have failed to grasp that in the fight for their own position and their own judgment against the encroachments of the Executive and the interest groups, public opinion and public discussion, far from being a threat, is the most powerful potential ally—and the Press and television is one of the most important reinforcements available. The televising of Parliament would, I believe, be far the most effective single means of reasserting Parliamentary influence but the next best would be to allow the Press as much freedom to report and, if necessary, to ferret out the issues, the personal quirks and the political forces as they possibly can. *The Economist* did not damage Parliament by printing its report: it made Parliament seem more important and more relevant—and there are not so many things that are likely to do that these days that parliamentarians can afford to spurn them.

Letters to the Editor

[D]evolution in [E]ngland

[From] Professor W. Fishwick

[Sir]—I have been reading your [accou]nt of the devolution pro[posal]s (November 28) and I cer[tainly] agree with your general [concl]usions that as they stand [they] are inadequate and indeed [prob]ably unworkable.

[I w]ould also like to take issue [with] a remark made in your [artic]le on the leader page that [only] a token gesture need and [can] be made towards devolution [to E]nglish regions. I would say [as a]n observer of the British [politic]al scene and temporarily [outsi]de it that there is every [reaso]n for devolution of many [gover]nmental functions to [regio]ns with populations of 5m.—which would be more [popu]lous than either Wales or [Scotl]and. If those areas can [contr]ol education, health, hous[ing, e]nvironment and economic [devel]opment, etc., then I see no [reaso]n why the North-West of [Engla]nd, from where I come, [shoul]d not do the same. Let not [Londo]n-based journalists under[estim]ate regionalism and its [atten]dant resentment of ever[-]centralising tendencies of [West]minster—as seen, for ex[ampl]e, in present efforts in the [field] of education.

[Wher]e regional assemblies with [powe]r over all possible and [suit]able functions and activi[ties w]ould leave Westminster to [deal] with defence, foreign policy, [the co]llection of many kinds and [...]. In other words, the fear [of so]me kind of federation ex[press]ed by the Labour and Con[serva]tive parties and echoed in [your] articles seems a deliberately [exagg]erated fear. From here it [woul]d seem that any scheme [whic]h might increase general [respo]nsibilities for decision mak[ing w]ould make Britain a more [gover]nable nation. The Liberal [Party] may be right on this issue.

[W. F]ishwick.
[U]nited Kenya Club,
[Nair]obi.

[O]verloading the [H]ealth Service

[From] The Chairman,
[...]natic Business Machines.

[Sir]—There is much in Mr. [R]ogaly's article on doctors [(Dec]ember 2) with which I would [agree]. I must, however, take [issue] with his headline "When [docto]rs behave like dockers."

[I] have certainly seen no [evide]nce that doctors behave [like d]ockers, or for that matter, [mine]rs, building workers, power [work]ers, train drivers, or ancil[lary] hospital workers. They [have] not picketed their hospitals [eithe]r peacefully or violently. [Ther]e have been no "Shrews[bury] ones" let alone "twos." [They] have not attempted to [persu]ade other professional [group]s to join their strike. None [of th]e above-mentioned workers [woul]d dream of working 80 hours [a we]ek, let alone 156 hours as [one] doctor is alleged to have [work]ed, nor would they work [overt]ime for less than one-third [of th]eir normal rate, but only [at o]ne and a half or double.

If the doctors behaved [like] the railway men in their [s]trike or go-slow, they would [leave] a patient on the operating [table] in the middle of an opera[tion, j]ust as the train drivers left [passe]ngers stranded between two [statio]ns.

[The]re are two aspects of this [Natio]nal Health Service dispute [whic]h do not seem to have re[ceive]d attention. If the private [beds] are abolished, the private wards containing as they do mostly single or at most double rooms, would be quite unsuitable for mass medicine. Either they would have to be pulled down and rebuilt at vast cost or, as is much more likely, they would be reserved for privileged VIPs in the public sector such as members of the Government, top civil servants, heads of nationalised industries, and trade union leaders. Perhaps this is the object of the exercise! At present, the private beds are bringing in some £14m. per annum for the Health Service, far more than is necessary to give the junior doctors what they are asking for.

Many of the problems of the Health Service, including shortage of hospitals and the necessity to bring in large numbers of doctors and nurses from abroad, are due not to any failure of the Health Service but to the self-induced sickness of the people of this country. In addition, there is a large proportion of old people who need never be hospitalised if their children looked after them at home and many people from overseas who have never contributed a penny towards the National Health Service. These people are overloading the Health Service and only a small reduction in this unethical behaviour would mean that doctors would no longer need to work excessive hours and the cost of the Health Service would be much reduced.

J. M. Hopkinson.
ABM House,
11, Wyfold Road, S.W.6.

Ad. agencies and fees

From The Director,
The Institute of Practitioners in Advertising

Sir,—Why should Mr. Macbeath (December 2) wonder that professional advertising agencies are professional? They do receive commission from media yet they honestly and continuously strive to get the best, often lowest, price in buying those same media, thus reducing their commission. But that is their job, standing as they do between the advertiser clients and the media.

To reason from this, however, that the commission system is anachronistic and should be abolished (which it shouldn't) is to omit consideration of the charging practices of the agencies to their clients—practices and packages openly agreed with their clients in competition with other agencies for the same business.

In 10 years the average U.K. agency has increased its proportion of non-media-commission income from just under £2 in every £10 to over £3 in every £10. This compensatory factor for widely based agency services across the communication spectrum and for advertising campaigns professionally prepared has been overlooked by Mr. Macbeath.

The system is well and truly tried and very workable by all three parties (advertisers, agencies, media), in general, to the satisfaction of all of them.

James O'Connor,
44 Belgrave Square, S.W.1.

Irrelevant commission

From The Chairman,
NSW Group.

Sir,—Mr. Macbeath's letter of December 2—Ad. Agencies and fees—echoes the thoughts of many of us in the business to-day but the case against the anachronistic commission system has more sides to it than even he reveals.

Not only are most advertising agents concerned with infinitely more marketing and communication processes than media advertising alone—the last thing you do, as someone put it—but we are principals not agents. So one part of our description is too narrow; the other tags us as brokers when we take all the financial risk.

Of course the commission system can be convenient but on the whole it is an irrelevance. If some lucky "agent" plans and creates a television campaign costing £200,000, how much is he affected if the billing is cut altogether, halved, doubled or trebled? We all know the work remains substantially the same.

No, despite the long-term protection which the "agent" is said to gain from a system, which goes back over 100 years to when salesmen flew around Fleet Street buying and selling space in newspapers, it is time we recognised more readily and widely that we are problem-solving consultants and as such should be rewarded not only adequately but appropriately.

Two final points. The first is that work expands to meet the commission received. Those who believe that the commission system is more profitable ought to look at the pre-tax profits in our business—2 per cent. if we are lucky. The other point is that as long as we are seen as agents and commission earners there will be, at least in some minds, a fraction less respect for our real contribution to the needs of business than if we charged like any other consultant—in law, accountancy or what-have-you.

Peter Ryan.
12, York Gate,
Regents Park, N.W.1.

Clients to take initiative

From Mr. T. Tudor

Sir,—Mr. Alan Macbeath writes (December 2) that advertising agencies should show more "self interest" by advocating the abolition of the commission system and the introduction of fees.

He is right to say that the commission system is an anachronism but he is wrong in thinking that most agencies would prefer fees. It is *the clients* who will take that initiative. Consider a major advertiser spending, say, £½m. on a brand. This means £75,000 commission. Would he pay that same amount as a *fee* for three or four commercials and the usual agency back-up services?

Lowered media budgets have already shown clients that agencies can work just as hard and effectively in their two essential functions—creativity and media planning—for much less income than they previously enjoyed when advertising spending was higher and their commissions proportionately swollen.

When budgets are restored, will clients automatically pay agencies more for virtually the same work? I, for one, doubt it.

Thomas Tudor,
Promotion Activities Ltd.,
West End House,
11, Hills Place, W1.

Democracy and the AUEW

From Mr. B. Lewis.

Sir,—I really cannot accept Mr. Roberts's view (November 27) that because most of us are not directly concerned in union or indeed political affairs this implies we are incapable of an intelligent contribution to national life. I know many who although occupied by other worthier pursuits, nevertheless take a wide and generous interest in the world, but would be disqualified by Mr. Roberts's argument from voting. Surely when he speaks of democracy he means oligarchy.

It is interesting to observe that those who most condemn economic exploitation are the first to applaud and encourage social exploitation, by which I mean those people that rise to the top of even Left-wing organisations are men who will hang on to power in just the same way that others cling to money. Social capitalists—for that is what they are—are as much to be censured as economic ones.

I still believe that democracy means rule by the representatives of the majority, and that if our present system fails it will be not because we have had too much of it but that we have not yet tried it hardly at all.

B. A. Lewis.
47, Woodlands Avenue,
New Malden, Surrey.

Standard rate

From Mr. C. Beattie, QC.

Sir,—Mr. Cole (November 21) thinks that the difficulties of preventing avoidance of tax under a system which exempts the income of companies from tax may not be markedly greater than difficulties now existing with corporation tax at 52 per cent. and income tax at rates up to 98 per cent. That may be so if Mr. Cole intends to leave in existence the statutory provisions which permit the imposing of income-tax at higher rates less the basic rate on the undistributed income of close companies that is not required for buiness purposes, but extending those provisions so that income tax would be charged at the full rate without excluding the basic rate (a necessary extension, since the reason for excluding the basic rate is the suffering of advance corporation tax by the company). So Mr. Cole then gets to the position in which non-close companies suffer no tax at all on their incomes, whereas close companies may suffer income tax thereon at rates up to 98 per cent.

He may feel able to accept what seems like a glaring injustice as between a close and a non-close company by reflecting that a close company can avoid this tax penalty by following the course which he has prescribed of using its profits in its own business. But what he will not like is that a non-close company may fail to follow his prescription, by instead using its tax-free income to build up a portfolio of investments.

At the moment it is only those shareholders in a non-close company who are subject to high rates of income tax who would like to see a company follow that course, but once the basic rate shareholder also likes it (as he would when tax on his dividends at 35 per cent. can be avoided), this course will become widespread among non-close companies. Mr. Cole will come to the conclusion that the provisions for imposing income tax on the surplus undistributed income of close companies will have to be extended to non-close companies.

It would be administratively impracticable to charge the surplus undistributed income of all companies with the various higher rates of income-tax borne by their various shareholders, for while this can be done with the thousands of shareholdings in close companies, it could not be done with the millions of shareholdings in all companies. Non-close companies would therefore have to be charged with basic-rate income-tax only, and the same would have to be done in the case of close companies to avoid unjustified discrimination. Having reached the point that companies, including one-man companies, have income-tax at the basic rate, and the basic rate only, levied on surplus undistributed income, why should the owners of one-man companies (and other companies) be required to pay higher rates if they take dividends out?

And if dividends received by individuals are not to bear more than the basic rate of income-tax, why should other income of individuals bear higher rates of income-tax? And why then should a company's undistributed income invested in its business get more tax relief than that given by the existing too-generous capital allowances? It would be just to impose income-tax at the basic rate on all the income of companies.

Perhaps Mr. Cole will on reflection come to the conclusion that he had better from the beginning adopt my system of a universal standard rate instead of finding himself driven to it by his vain attempts to counter tax avoidance under his system. May I add that I am entirely serious in suggesting that no income should bear tax at any rate in excess of a standard rate. I only wish we could throw off the blinkers that have induced the near-universal view that progressive taxes are natural and proper.

C. N. Beattie, QC.
24, Old Buildings,
Lincoln's Inn, W.C.2.

Alternative currencies

From Mr. P. Clarke.

Sir,—Mr. Samuel Brittan's essay on internal competing currencies (November 20) opens a very important argument. He is correct to note that the Right and Left, in their own different ways, offer authoritarian solutions to the apparently intractable nature of inflation. The same is true of the different options offered by most economists.

The radical and simple alternative of optional currencies offers the free market response. This is the peaceable, gradual and liberal ideal. In an open currency market the public can choose its medium of exchange—central bank issues, gold, steel ingots, soya beans or silver. The reforms needed are readily achieved—the relaxation of the legal tender rule giving the Bank of England a monopoly, and exchange control regulations. The market place would then be free to discover the money that serves us best.

With this idea in mind a number of young economists are forming a group we provisionally call "The Campaign for Alternative Currencies." Although it would be entirely up to the market to determine the best money I ought to add that many of us would predict gold, and receipts drawn on gold would be the winner in an open market. The option of politicians' promises, which is what the Bank of England's notes are, seems a very enfeebled alternative.

Peter Clarke.
105, Marylebone High Street,
W.1.

To-day's Events

GENERAL
The Queen visits Royal British Legion Village near Maidstone, and unveils plaque commemorating 50th anniversary of its foundation.
President Ford ends visit to China.
Mr. Edward Short, Lord President of Council, continues official visit to Egypt.
Mr. Sven Andersson, Swedish Foreign Minister, on official visit.
EEC and Japan resume negotiations on long-term textile agreement, Brussels.
Four printing industry unions meet Newspaper Publishers' Association to discuss implications of proposed computer-based technology, London.
Dr. Tiede Herrema expected to return to his post as managing director of Ferenka company, Limerick.
Russian civil aviation team end nine-day U.K. visit as guests of Civil Aviation Authority to study landing aids.
Sir Lindsay Ring, Lord Mayor of London, attends Gold and Silver Wyre Drawers' Company dinner, Mansion House, E.C.4.
National Union of Students' conference opens, Scarborough.

PARLIAMENTARY BUSINESS
House of Commons: Second reading of Police Bill.

COMPANY RESULTS
London and Overseas Freighters (half-year).
Scapa Group (half-year).

COMPANY MEETINGS
British Anzani, Aylesford, Kent, 11.
Dawes (G. R.), Birmingham, 12.
Kalamazoo, Birmingham, 11.30
Lowland Investment, 11, Austin Friars, E.C., 2.45.
Walker and Homer, Birmingham, 12.
Willows Francis, Great Eastern Hotel, E.C., 12.

BALLET
Royal Ballet production of Symphony, Les Biches, and Petrushka, Covent Garden, W.C.2, 7.30 p.m.

MUSIC
Simon Munting gives guitar recital of works by Tansman, Segovia, Sor, Aguado, Turina, Moreno-Torroba, and Haug, Wigmore Hall, W.1, 7.30 p.m.

COMPANY NEWS + COMMENT

Racal forecasting over £5½m. extra

A JUMP from £9.56m. to over £15m. in pre-tax profit is forecast by Racal Electronics for the year ending March 31, 1976.

The directors report that an exceptional start has been made to the year and profits for the first six months expanded from £2.83m. to £6.24m. Demand continues at a record level.

At the attributable level profits emerge at £2.86m., compared with £1.35m., with earnings per 25p share stated to be up from an adjusted 2.81p to 5.9p. Earnings for 1975-76 are estimated at 14.91p (9.73p).

The net interim dividend is raised effectively from 0.425p to 0.46p—the 1974-75 total was equal to 1.4235p.

	First half 1975-76 £000	1974-75 £000
Turnover	27,734	19,537
Profit	6,237	2,827
Taxation	3,321	1,478
Net profit	2,916	1,349
Attributable	2,860	1,340

See Lex

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Bass Charrington	24	7	Haslemere Estates	26	5
Bellway Holdings	25	1	London Scot. Amrcn.	25	2
B.P.	25	3	Mitchell Cotts	24	4
British Steel Const.	26	8	Pauls and Whites	24	1
Buckley's Brewery	24	3	Photo-Me Intnl.	25	1
Bulmer & Lumb	24	5	Pilkington Brothers	25	1
Burnett & Hallamshire	26	5	Racal Electronics	24	1
Coalite & Chemical	24	2	Renwick Group	24	4
Coated Metals	25	3	Resource Evaluation	24	6
Farnworth (Robert)	24	5	Samuel Properties	26	6
Glenmurray Investment	26	5	Sime Darby	24	4
Gomme Holdings	25	2	Triplex Foundries	25	2
G.U.S.	25	1	Victoria Carpet	24	8

Pauls & Whites up 52.7%

MANUFACTURERS OF animal foods, brewing materials, essences and flavourings, Pauls and Whites reports a 52.7 per cent. increase in pre-tax profits to £1.85m. for the half-year to September 30, 1975. All three activities contributed to the improvement.

The chairman, Mr. S. J. L. Hill, says that although the proportionate increase in the second half will not be as great, he is confident that full year results will "significantly exceed" those for 1974-75, when pre-tax profits reached £2.81m. and the Board expects to be able to recommend the maximum permitted final dividend. The interim payment is held at 1p net per 25p share.

	6 months 1975 £000	1974 £000
Turnover	43,928	42,609
Trading profit	2,232	1,567
Interest	307	358
Profit before tax	1,836	1,209
Tax	960	629
Deb. redemp. and pref	29	39
Minority interest	—	1
Available for Ord.	847	540
Dividend	150	174

A good level of acceptances has been received following the offer for Barkers and Lee Smith, an unquoted public company mainly engaged in the manufacture and distribution of animal feed and related products in Yorkshire, Lincolnshire and East Anglia. The closing date is December 12.

● comment

The market was looking for a substantial rise in pre-tax profits from Pauls and Whites, and it was not disappointed, for first-half profits have climbed by 53 per cent. As prices rose, pig farming came through with a turnround from last year's losses, and there has also been loss elimination from the flavours and essences division. Malt and brewing materials turned in higher profits, despite cutbacks from the U.K. distillers, as higher prices compensated for lower volume, and demand from the brewers increased with their own buoyant summer sales. Elsewhere, animal feeds had been holding their own in volume terms if not value, and the impression is that the industry has now reached the bottom of the cycle. On current trading, full-year profits should reach £3¾m. which at 77p drops the prospective p/e to 7.8 where there is still something left to go for. Meanwhile, if the acquisition of Barkers goes through, short-term borrowings will probably climb to over £10m. against Ordinary shareholders' funds in the last accounts of £14m.

First half standstill at Coalite

DESPITE a difficult start through labour problems, well-maintained demand enabled Coalite and Chemical Products to reach the half-way stage to September 30, 1975, with pre-tax profit only slightly down from £3,765,000 to £3,754,000. Turnover of this Derbyshire-based makers of smokeless fuel and related chemicals improved from £21.98m. to £24.74m.

The interim dividend is increased from 0.29p to 0.3095p net per 10p share. Last year's total was 0.612p. Pre-tax profits were a record £9.6m.

The half-year profit takes no account of the depreciating value of money but "in the circumstances is not an unsatisfactory outcome," the directors state.

Demand for most of the group's products has been well maintained with the oils and chemicals activities continuing to make an increasing proportionate contribution, they add. Construction of the new herbicides intermediates plant is progressing to schedule.

	Half year 1975 £000	1974 £000
Turnover	24,747	21,978
Trading profit*	3,379	3,672
Add interest receivable	375	93
Profit before tax	3,754	3,765
Tax	1,965	1,986
Net profit	1,789	1,779

* After depreciation £1.51m. (£1.48m.).

● comment

First-half profits slightly lower despite a fourfold jump in interest receivable and a 13 per cent. sales gain suggest that margins were hit on the solid fuel side of Coalite and Chemical: oils and chemicals managed to increase their share of total profits. Distributed stocks of solid fuels were particularly high towards the end of the summer and, with price increases coming in from October 1, the winter demand cycle was delayed for a further couple of months. The cold snap since the end of November has encouraged better demand and C and C's stocks are now moving again. The weather, of course, remains a key factor in the 1975-1976 performance: but in the meantime the shake-out in the market value of the Siebens holding is eroding a worthwhile prop for the Coalite and Chemical shares, which at 21p are yielding 4.8 per cent, with a cover of over six times.

Statement, Page 31

Buckley's Brewery

In the 26 weeks to September 27, 1975, turnover of Dyfed-based Buckley's Brewery expanded from £2.03m. to £2.53m., and profits advanced from £279,978 to £350,558 before tax of £185,500 compared with £143,500.

The interim dividend is up from 0.275p to 0.3p net. Last year's total was 0.915p paid from pre-tax profits of £551,645.

TREASURY LOAN

The Bank of England announce that the list of applications for the issue of £750m. 13¾ per cent. Treasury Loan 1997 opened and closed yesterday. The full amount of the stock offered has been allotted, all applications received from the public being allotted in full.

Mitchell Cotts on target

GROUP PRE-TAX profits of engineers, Mitchell Cotts Group fell from £9.15m. to £8.03m. in the year to June 30, 1975, after higher interest of £2.87m., against £1.68m. but including £338,000, compared with £173,000 from associates.

At midway, reporting a rise in profits from £2.95m. to £3.1m., the directors re-affirmed their forecast of profits below the record levels of 1973-74 but above the £6.83m. achieved in 1972-73.

They now say that profits for the current year will be close to those for 1974-75.

Full-year earnings are shown at 6.19p (7.53p) per 25p share or 6.97p (7.7p) on a nil distribution basis. The final dividend is 3.366955p net lifting the total from 2.77p to 3.0232p. This represents an increase of 12¾ per cent. at the gross level and has Treasury approval.

	1974-75 £000	1973-74 £000
Group profit	10,387	10,649
Interest	2,363	1,675
Share of associates	338	173
Profit before tax	8,030	9,147
Tax	3,949	4,291
Net profit	4,081	4,856
Minorities	1,115	1,362
Extraordinary debits	242	*199
Attributable	2,721	3,654
Preference dividend	57	57
Ordinary	1,132	1,294
Retained	1,532	2,303

* Credits.

The increase in interest reflects both higher interest rates and higher average net borrowings, themselves reflecting higher stocks, debtors and work-in-progress, due in part to higher levels of activity and in part to inflation. Since the year-end further long-term finance has been raised by the issue of £4,748,000 Convertible Loan stock.

Engineering contributed 50.2 (39.7) per cent. to pre-tax profits, agriculture 9.3 (23.9), transport, shipping and storage 29.2 (24.3), vehicle distribution 6.1 (6.4), and commodity trading 5.2 (5.7). The figures reflect an increased contribution from the South African subsidiaries, together with sharply lower agricultural profits from Ethiopia, where the subsidiary Tendaho Plantations Share Company was nationalised at the end of March, 1975.

● comment

A strong growth performance from the South African engineering interests has allowed Mitchell Cotts to hold its 1974-75 profits downturn to only 12½ per cent. pre-tax in the face of a sharp reduction in the agricultural contribution. This was largely due to the nationalisation halfway through the year of the group's 31 per cent. interest in Ethiopian cotton plantations. The current year prospects are overshadowed to some extent by the possibility of further nationalisation in Ethiopia—the group still retains a vehicle distribution interest in this country—and that may account for at least some of the caution implicit in the forecast of unchanged profits in 1975-76. The South African engineering companies are apparently showing no signs of slowing down and, although the recent rights issue has left the overall borrowings position slightly higher, the resulting improvement in short-term liquidity has left it well placed to expand further in the U.K. At 57p the shares are yielding 8½ per cent. on a p/e ratio of 3.8.

Sime Darby asked to explain terms

The Singapore Stock Exchange has asked Sime Darby Holdings to explain the basis for its proposed conversion terms for $29.4m. of Sime Darby Finance NV. 5.75 per cent. Convertible Guaranteed Bonds, 1988.

A letter to Sime Darby noted that the proposed terms would raise the conversion rate to 675 shares in Sime Darby for each $1,000 nominal bond, from 274.5 shares set when the bond issue was made in February, 1973.

The Exchange has also asked Sime Darby to show how net tangible assets and earnings per share would be raised by the proposed early conversion.

Sir Alan Walker, chairman of Bass Charrington.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bass Charrington		2.59	—	2.35	3.94	3.60
Buckley's Brewery	int.	0.3	Jan. 9	0.28	—	0.92
Bulmer and Lumb	int.	1.13	Feb. 16	1.13	—	2.33
Burnett and Hallamshire	int.	1.45	Jan. 26	1.12	—	2.67
Clarke Nickolls	int.	0.73	Jan. 26	0.75	—	1.47
Coalite and Chemical	int.	0.31	Feb. 6	0.29	—	0.61
Coated Metals		1.5	Jan. 5	1.01	—	3.02
Elsburg Gold		20.8(a)	Jan. 30	39.8	39.8	45.5
R. Farnworth	int.	nil	—	0.33	—	0.33
Glenmurray Trust		0.75	Feb. 5	0.83	1.35	1.35
Glenmurray Trust	int.	0.6	June 28	0.6	—	1.35
Great Univ. Stores	int.	2.94	March 31	2.75	—	6.14
Haslemere Ests.	int.	0.9	Feb. 2	0.8	—	2.44
Lon. Scot. Am. Trust		2.53	Feb. 3	2.3	3.58	3.35
Mitchell Cotts		2.37	Jan. 12	2.11	3.02	2.77
Pauls and Whites	int.	1	Jan. 30	1	—	2.88
Pilkington Bros.	int.	4.36	Feb. 13	4.36	—	8.72
Racal Electronics	int.	0.46	Feb. 6	0.43*	—	1.42†
Renwick Group	int.	nil	—	1.17	—	1.76
Samuel Props.		nil	—	0.17	nil	1.01
Sentrust	int.	12(a)	Feb. 20	12	—	30
Victoria Carpet	int.	0.44	Feb. 26	0.44	—	1.31
Western Areas		32(a)	Jan. 30	52	52	70

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) South African cents.

Bulmer & Lumb decline

A DOWNTURN in pre-tax profit from £0.27m. to £0.2m. for the six months to October 5, 1975, is announced by Bulmer and Lumb (Holdings), worsted spinners. For the year ended March 3, 1975, the figure was £0.54m.

Stated earnings per 20p share for the first half are down from 1.46p to 1.1p and the interim dividend is being kept at 1.125p net. The directors report that trading conditions continue to be difficult but unless unforeseen circumstances arise, they expect the total for the year to be "not less" than last year's 2.33335p.

● comment

Eliminating transfers to and from stock reserves reveals a first-half trading downturn for Bulmer and Lumb of 13 per cent. which, after a 68 per cent. drop in interest charges, becomes a 13 per cent. increase at the pre-tax level. Sales have fallen by roughly a quarter but, while that reflects lower volume, it also owes something to lower selling prices made possible by sliding wool costs. The volume of demand has shown no signs yet of any significant improvement but profit margins are still benefiting from lower material costs—though these are now beginning to firm—and the forecast of unchanged profits this year does not require a £666,782 boost from the stock reserve as did the respective figure for 1974-75, indeed it is already taking account of transfers to the stock reserve of roughly £90,000 in 1975-76. At 27½p the shares are yielding 13½ per cent.

Statement, Page 41

R. Farnworth omits interim

A TURNROUND from a profit of £48,181 to a pre-tax loss of £23,274 is announced by makers of warp knitted fabrics, Robert Farnworth, for the half year to September 27, 1975. For the year ended March 29, 1975 there was a profit of £66,084.

There is no interim dividend and any payment for the year will depend on trading in the second half, says the chairman, Mr. K. N. Hope. Last year the company paid an interim and only dividend of 0.33p net.

After a period of continuously dull trading conditions which resulted in the first half loss a revival in demand began to make itself felt during September, states the chairman. Activity is now at a much improved level and additional dyeing and finishing capacity is fully utilised.

The experiences of the past 12 months have left their mark on the confidence of buyers and a combination of this, together with the uncertain outlook for the economy as a whole, make forecasting into 1976 hazardous, he declares. The company is now "trading profitably."

	Half year 1975 £	1974 £	Year 1974-75 £
Turnover	813,108	988,067	1,780,311
Loss bef. tax	23,274	*48,181	*66,084
Tax	—	28,290	34,596
Net loss	23,274	*19,891	*31,488
Pref & Red. Pref. divs.	—	1,149	2,297
Ord. divs.	—	5,998	5,988

* Profit.

Resource Evaluation formed

A specialist consultancy in the field of sales accounting has been set up with the backing of Fraser Ansbacher, the merchant bank, which will hold 35 per cent. of the equity. Called Resource Evaluation, the consultancy will be aiming to improve clients' liquidity and cash flow through the recommendation and implementation of better sales accounting methods.

Resource Evaluation will be looking mainly at companies in the manufacturing and service industries with turnover in excess of £½m. Below this figure it is likely that the service would not be cost effective. It is claimed that in some cases it would be possible to devise a system of sales accounting which could provide between 70-80 per cent. of a company's immediate cash requirements.

The consultancy will charge an initial fee of £400 for a study which will give a summary of the facts; documentation setting out the areas of evaluation; recommendations; and what could be achieved with further Resource Evaluation involvement.

Renwick £0.19m. loss halfway

ADVERSE freight and property results have offset the "satisfactory" performance of other activities at Renwick Group, leaving group trading profits down from £488,000 to £135,000 in the half-year ended September 27, 1975. After much higher interest charges of £331,000, against £240,000, the company incurred a pre-tax loss of £196,000, compared with a profit of £248,000.

The results include a substantial advance from £1,000 to £96,000 in the 50 per cent. profit from Western Fuel Company. Although part is due to inflation in stocks, a genuine improvement in trading has been achieved, despite shortages in supplies of certain fuels, according to Mr. C. W. Wilton, chairman. The winter months should ensure an "excellent" result for the full year, he adds.

Excluding Western Fuel, turnover expanded by almost 30 per cent. to £17.21m., mainly due to inflation and about £0.7m. to the change of policy in marketing motor caravans.

There is no interim dividend and the final will depend on second half trading, the directors declare. Last year's interim was 1.17p net, and the final 0.59p, paid from profits of £5,000.

According to Mr. Wilton the major part of the increase in net interest payable is attributable to the new policy of charging interest on the cost of development land direct to profit and loss rather than treating it as an increase in the book value of such development land.

	Half year 1975 £000	1974 £000	Year 1974-75 £000
Turnover*	17,210	13,318	28,775
Deprec.	343	236	584
Western Fuel 50 per cent. profit	96	1	211
Grp. trading profit	135	488	617
Net int. payable	331	240	674
Loss before tax	196	‡248	13
Tax credit	115	†120	†39
Net loss	81	‡128	36
Extraord. credit	30	—	φ225
Minority int.	7	15	17
Leaving loss	58	‡113	278

* Excluding Western Fuel Co. ‡ Profit. † Charge. φ Debit.

Freight and property divisions are in course of radical reorganisation, including the discontinuance of major areas of activity, and the process is proving more costly and protracted than had been hoped. He is confident, however, that the beneficial effects on the balance sheet and profit and loss account will soon begin to be felt.

Transfer of a further section of the freight division to Ridham Freight Services, the company jointly owned with Bowaters United Kingdom Paper Company, has been completed. The reduction in the scale of investment in the remainder of this division, has resulted in substantial terminal losses, which have been written off in arriving at trading profit, and this pattern has not yet been finally completed.

The market for houses, except those in the lower cost bracket, remains severely depressed. This, coupled with the high cost of retaining land for development in an uncertain future, has influenced the directors to withdraw entirely from this activity and to implement the sale of development land. Funds generated from these disposals, together with cash from the sale of freight assets to Ridham, and other realisations, should lead to a substantial reduction in bank borrowings, which the directors consider to be a "major priority at this time."

● comment

Renwick is clearly finding the task of getting its house in order a difficult and lengthy exercise. Trading setbacks on the transport side have prompted drastic action here and losses, both terminal and trading, which total £300,000, have been written off the group trading profit. Hiving off part of the transport side to Ridham, along with property disposals, should make a useful dent in the borrowing figure, but Renwick is still in need of a major upturn in trading. The remaining transport interests are all giving a positive return on capital, if the financing of the Nuttall goodwill is excluded, while the travel and boat activities are maintaining their recent buoyant trends. The last few months for the motor division have, however, been particularly tough, leaving Western Fuel as Renwick's short-term trump card. With the shares at 15p the capitalisation is £820,000.

Bass Charrington turns in £55.6m.

AFTER SLIPPING from £27.2m. to £25.6m. in the first 28 weeks, pre-tax earnings of Bass Charrington finished the year to September 30, 1975, up from £50.1m. to £55.6m. Sales, excluding V.A.T., expanded by 24.1 per cent. from £527.6m. to £654.9m.

Earnings per 25p share are shown to be up from 9p to 9.1p and the dividend is raised from 3.693375p to 3.941437p net with a final of 2.593082p.

	1974-75 £m.	1973-74 £m.
Sales, excluding VAT	654.9	527.6
Depreciation	14.7	12.2
Hire of plant etc.	4.8	3.6
Surplus sale Property and investments	1.4	2.3
Clos. costs incl. redundancy	1.1	0.9
Exchange difference costs	1.6	0.3
Wine stocks provision	2.0	—
Trading balance	69.0	61.3
Net interest payable	13.4	11.2
Earnings before taxation	55.6	50.1
U.K. tax*	29.2	23.8
Overseas tax	0.6	0.4
Outside holders	0.1	0.2
Preference dividends	0.2	0.3
Earnings for equity	25.3	25.0
Dividends	15.9	10.3
Retained	14.4	14.7
Funds employed	555.4	518.9

† Include results of U.K. trading subsidiaries for 52 weeks ended September 27. * Includes deferred tax £18m. (£11.5m.).

Pre-tax earnings were struck after a provision of £2m. for losses which may emerge in the event of the sale of some of the stocks of Bordeaux wine [illegible] present depressed market [illegible]

See Lex

Victoria Carpet in profit

A return to profit is [illegible] by Victoria Carpet Holdings [illegible] the six months to September [illegible] 1975, with £244,144 before [illegible] compared with losses of [illegible] for the corresponding period [illegible] £256,293 for the last half [illegible] Turnover for the first [illegible] advanced from £4.03m. to [illegible]

The directors say that [illegible] companies are now trading [illegible] ably, and they expect that [illegible] proved results will continue through the second half [illegible] although not necessarily at [illegible] same rate.

The interim dividend per share is held at 0.4375p net [illegible] depending on final results [illegible] directors anticipate that a [illegible] again final of 0.875p will be [illegible] Tax for the half year took [illegible] (nil) leaving a £117,190 profit [illegible]

GUS tops £40m. in first half

...ternal turnover of Great ...ersal Stores improved from ...51m. to £413.71m. in the half ended September 30, 1975 ... pre-tax profit went ahead ... £37.02m. to £40.94m. For the ... year 1974-75 profit was ...m.

...ted earnings in the first half ...p from 7.24p to 8p per 25p ... and the net interim dividend ...ing raised from 2.75p to ...p, costing £7.3m. Last year's ... was 3.385p.

... provisions for unearned ..., service charges and collec... costs are £67.56m. (£66.19m.) ...ptember 30, 1975, compared ... £67.43m. (£69.79m.) at March ...75. As known, the group dis... of the trading assets of the ... electrical division in the ...alf and for comparative pur... turnover, provisions for un...d profit and depreciation ... been excluded.

	Half year 1975 £000	1974 £000
...al turnover†	413,712	351,513
...iation	3,961	3,523
... profit	40,940	37,022
...	20,958	18,875
...holders	75	122
...nce dividends	35	35
...able	19,889	17,980

† ...ludes £28.73m. (£24.93m.) VAT.

July 31, 1975, declined from £3.85m. to £3.3m. The dividend is raised from 1.1515p to 2.1339p net.

In order to devote his full time to other business activities Mr. Michael Bell, a director, will retire from the Board on December 31. Meeting, Newcastle upon Tyne, on January 6 at 11 a.m.

Statement, Page 14

See Lex

...ellway ...airman ...nfident

...irman of Bellway Holdings ... Bell says he has confidence ... future. The rate of private ... sales and local authority ...cts has shown a "healthy ...se" and stringent efforts are ...uing to be taken to miti...he effects of inflation.

... policy of developing around ... conurbations continues to ... important factor in the ...s performance. The direc...ere successful in obtaining ...uthority housing contracts ... last year and 187 houses ... completed at Newburn. ...is at present in the course ...gress for some 900 houses ...ne sites.

... commercial investment ...ty portfolio has in hand ...aid sites amounting to some ... the majority of which have ...nefit of planning approval. ...ement has been reached ... the Tyneside Passenger ...ity to use part of the area ... Regent Centre for a metro ...ange and Mr. Bell says ...is will not only stimulate ...t in the centre but have a "beneficial" effect on the ... of future blocks.

... reported on November 6 ... profit for the year to

Statement, Page 24

Gomme over £0.5m. in four months

G-PLAN furniture manufacturers Gomme Holdings has made a pre-tax profit in the first four months of the current year exceeding that achieved in the whole of the previous year, it was stated by the chairman, Mr. H. N. Sporborg, at yesterday's annual meeting.

The company earned £521,000 in in the year ended August 1, 1975, compared with £1.58m. for 1973-74.

Current demand was keeping the order book full as production increased. The annual presentation of new models was well received and substantial orders were booked.

He added that resources provided by the group's £4m. capital expenditure over the past five years were contributing to increased production and would provide further improvement in the future.

London Scot. American increase

Total revenue of London Scottish American Trust rose from £1.21m. to £1.28m. in the year to October 31, 1975 and net revenue advanced from £708,937 to £727,673.

Earnings are shown to be up from 3.97p to 4.06p per 25p share and the dividend is lifted from 3.35p to 3.573p net with a final of 2.525p.

Investments are valued at £24.54m. (£15.44m.) including the full dollar premium and net current assets stand at £128,568 (£369,703). The net asset value per share is given as 134p (81p).

	1974-75 £	1973-74 £
Investment revenue	1,267,711	1,141,180
Underwriting comms.	3,914	18
Deposit interest	66,807	66,485
Total revenue	1,278,432	1,207,714
Interest and expenses	92,946	82,147
Tax	457,813	416,830
Net revenue	727,673	708,937
Pref. and Ord divs.	642,738	605,050

BP down £189m. at 9 months

IN THE third quarter of 1975 group net income of British Petroleum showed a further decline compared with last year—from £99.5m. to £37.8m.—leaving the total for the first nine months at £117.3m. This represents a reduction of £189.3m. on the same 1974 period excluding the estimated £175m. non-recurring stock profit in the first quarter.

Total sales for the third quarter at 42.8m. tons are 0.2m. tons above the second quarter, but compared with the third quarter of last year show a fall of 5.8m. tons or 12 per cent. For the nine months sales of 129.1m. were 17.4 per cent. below the same 1974 level.

Third quarter net sales proceeds improved from £1.81bn. to £1.92bn. to which is added other income of £40.9m. (£49.3m.). After heavier charges aggregating £1.52bn., compared with £1.32bn. —including £1.26bn. (£1.15bn.) for cost of oil, freight, refining, etc. —income emerges lower at £439.6m. (£515.1m.) subject to tax.

Expressed per £1 unit of Ordinary stock the 9 months net income is 30.2p, agains t124.6p.

An interim dividend of 6.25p net has already been declared (5.88p)—the 1974 total was 16.86p paid from net income of £487.4m.

	9 months 1975 £m	1974 £m	Year 1974 £m
Sales proceeds	6,829.4	6,784.6	9,385.6
Customs duties etc.	1,283.3	1,104.5	1,495.3
Net sales proceeds	5,546.1	5,680.1	7,510.1
Other income	134.2	115.6	173.7
Making	5,680.3	5,795.7	7,683.8
Cost of oil, freight refining, etc.	3,635.4	3,331.5	4,796.2
Distribution, selling, etc., expns.	515.1	438.7	670.8
Depreciation, etc.	135.3	120.1	163.6
Interest	77.4	55.3	79.3
Income before tax	1,322.1	1,835.1	2,271.9
Overseas tax	1,167.1	1,312.2	1,747.3
U.K. tax*	21.2	17.3	23.6
Minorities loss	3.5	†24.6	†25.3
Extraord. credits	—	—	11.8
Net income	117.3	481.6	487.4

* After overseas relief. † Profit.

Group sales for the third quarter and nine months respectively comprised (in tons): crude oil 21.3m. (23.1m.) and 65.7m. (84.6m.); and products including chemicals 21.0m. (23.0m.) and 63.4m. (71.8m.). Natural gas sales were (in millions of cubic metres per day) were 7.3 (7.2) and 9.6 (9.3).

See Lex

Blakey's down

Sales at Blakey's (Malleable Castings) increased from £1.02m. to £1.2m. in the half-year to September 28, 1975, but pre-tax profit dropped from £84,167 to £55,735. For the full year 1974-75 profit was £166,171 and a dividend of 1.60875p net was paid—the company has not paid par interims for some years.

In his annual statement in September, the chairman, Mr. N. N. Kay said that until Government controlled inflation, the company could only expect trading prospects to get worse rather than better.

Now, the directors state that difficult conditions remain. They are making every effort to obtain orders and to produce the company's products at a competitive price on all markets.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims: Attwood Garages, Bishops Stores, British Building and Engineering Appliances, Chesterfield Properties, Clark and Fenn, Amos Hinton, John J. Lees, Oil and Associated Investment Trust, Scapa Group, Spink and Son.

Finals: Elson and Robbins, Leeds and District Dyers and Finishers, Samuelson Film Service, Spooner Industries, Tokengate Investments.

FUTURE DATES

Interims:	
Arlington Motor	Dec. 10
Equity Consort Investment Trust	Dec. 16
Giltspur	Dec. 10
Goldrei (C. R.) Foucard	Dec. 11
Hall (Matthew)	Dec. 18
Hardy and Co. (Furnishers)	Dec. 9
Holyrood Rubber	Dec. 11
Pullman (R. and J.)	Dec. 10
Russell (Alexander)	Dec. 15
Finals:	
Cronite	Dec. 8
East Daggafontein Mines	Dec. 11
Lindustries	Dec. 17
Record Ridgway	Dec. 9
S. African Land and Exploration	Dec. 11
Stenhouse	Dec. 18
United Spring and Steel	Dec. 12
Vaal Reefs Exploration & Mining	Dec. 11
Western Deep Levels	Dec. 11

OWEN & ROBINSON

The head office and registered office of Owen and Robinson (Jewellers) is now at Swinegate, York (tel 30373).

This is also the address of the registered offices of the two subsidiaries, Murgatroyd and Horsfall and Henry Hardcastle.

Pilkington off £5.6m. halfway

...BLE PROFITS of Pilkington ...rs, the St. Helens based ...manufacturing and process...oup, fell by £5.6m. to £8.95m ... half year ended September ...75, and at the net attribut...vel after a disproportionate ...arge there was a virtual ...even position with a surplus ...000, compared with £4.66m.

...man, Sir Alastair Pilking...ays that the continuing ...ide recession has kept sales ...t and safety glass at ...ed levels. This has pro...rading profits—down from ... to £1.96m.—in line with ...rd's expectations. Licens...ome was more than main... at £8.47m., compared with

... trading profit was struck ...harging £2¼m. redundancy ...in connection with the ...of the TV glass operation. ...gregate depreciation and ...nent costs up from £9.2m. ...9m. The chairman points ... those latter costs have for ...ears been provided for on ...nt cost basis, and for the ...ar the charge was some...ore than would have been ...on an historic cost basis.

...enting on the trading ...ns Sir Alastair says that ...t spot was fibreglass insu... in the U.K., which had an ...t performance. The TV ...peration has been particu...pensive with redundancy ...ts on top of trading losses. ...K. redundancy costs were ...f which the Government ...l £¼m.

... the half year the group ...tinued to bring operations ...e with present and antici... market demand. Apart ...e ending of TV glass pro... the group is also under... rationalisation of flat glass ...cture. At the same time ...lding of new plant con... construction of the fibre... insulation plant in South ...s well under way and two ...at plants are being built ...s. The group has also ...ened its outlets to the ... industry by acquiring ... Oy, a safety glass manu... in Finland.

...ugh the group is still in ...cult period referred to in July the chairman reports that there are the first signs of improvement in several of major trading areas and recovery is expected to gain strength during next year. "We shall be well positioned to take advantage of it," declares Sir Alastair.

First-half earnings per £1 share before extraordinary items are stated at 0.6p (8p). The interim dividend is 4.36p net (same)—equal to 6.712p (6.512p) gross. It can again be taken in cash or shares. For 1974-75 a total of 8.717p net was paid from pre-tax profits of £23.44m.

	First half 1975-76 £000	1974-75 £000
External sales	139,724	119,235
U.K. companies	88,128	77,895
Overseas	51,925	53,416
Less internal	10,329	12,046
Trading profit*	1,956	5,163
U.K. companies	549	3,147
Overseas	1,118	2,016
Licensing income	8,489	8,151
Share of Associates	1,415	1,557
Net interest	2,897	315
Profit before tax	8,953	14,556
Taxation†	8,557	9,662
Net profit	396	4,894
Minorities	13	235
Extraordinary debits ‡	366	—
Attributable	17	4,659
Interim dividend	2,628	2,551
Deficit	§2,611	2,108

* After depreciation £7.88m. (£6.44m.), contribution to replacement of fixed assets £4.27m. (£2.78m.), and obsolescence £2.29m. (£1.48m.).

† U.K. £5.83m. (£1.36m.) and overseas £2.83m. (£2.56m.).

‡ Closure costs and pre-commissioning expenses.

§ Surplus.

The higher interest charge begins to reflect the group's additional £33m. long-term borrowing undertaken in the last six months. This is being used to finance expansion in the U.K. and overseas. The cash position is satisfactory.

The chairman explains that the relationship between the profit before tax and the tax charge is affected by losses in certain subsidiaries and by the charges for replacement and obsolescence which are not allowable for tax purposes. The effect of these charges is particularly marked in the half-year because of the low level of profits.

Results of overseas companies have been converted into sterling at the rates of exchange ruling on September 27, 1975. In accordance with previous practice, unrealised exchange profits—£2.1m.—arising on conversion of net assets of overseas companies, and unrealised exchange losses—£1.7m.—arising on conversion of overseas long-term borrowings by the parent, have been taken to reserve. Net exchange losses—£0.2m.—on normal group activities, including short-term borrowings, have been charged against trading profit.

See Lex

Coated Metals back in profit

Coated Metals (Holdings) reports pre-tax profits of £112,920 for the six months to November 1, 1975. In the first half of last year there was a loss of £32,364 which had worsened to £81,228 by the year end.

The directors are confident that the second half will show some further improvement, and in this event will recommend an increase in the total dividend.

The interim payment is raised from 1.005p to 1.5p per 10p share and the final should be "at least the same" as last year's 2.01p.

	Six months 1975 £	1974 £
Turnover	5,696,762	2,972,891
Trading profit	170,797	24,410
Depreciation	57,577	56,774
Pre-tax profit	112,920	*32,364
Tax	56,920	—
Net profit	56,000	*32,364

* Loss.

VOSPER THORNYCROFT

Vosper Thornycroft has issued a statement pointing out that it is only part of the group—the assets and operations of the shipbuilding interests—that faces nationalisation. These interests are grouped in one subsidiary, now called J. I. Thornycroft following a name change from Vosper Thornycroft (the name that still appears on the Government's Bill). The Government's proposals involve roughly three-quarters of the entire group's net assets.

...ccessful year seen by Photo-Me

...man of Photo-Me Inter..., Mr. E. F. Weston, says ... every reason to believe ... current year will again ...ssful and profitable.

...ections show a continued ... in turnover, and he ex... confidence that inflation ... surpassed by turnover to ...r extent than last year.

...x profits for the year to ..., 1975, reported October ...anded from £632,673 to ... The dividend is raised ...025p to 1.175p net.

...ntroduction of automatic ...hotography is largely re...e for the improved results ...gress, explains the chair...

...irectors expansion policy ...ed in the "substantial in... in turnover from £7.8m. ...n.—enabled the group to ...ead of rising costs.

... reserves of the group ... the elimination of the in... asset "Goodwill arising ...olidation" will be dealt ... three years.

...limination of this intang...s not mean that its value ...s lost. "To-day the value ... considerably more." Notes ... Accounts reveal that ... vending machines had an original cost of nearly £6m. and are written down to just a little more than £2m. Since these machines are continually refurbished and maintained in a condition "as good as new," they are probably worth their original cost and the replacement value is probably higher, declares Mr. Weston.

Negotiations are nearing completion for the disposal of the South African subsidiary which has not been successful and has suffered losses. The purchasers, who have other interests in the union and other parts of Africa will act as exclusive distributors. The directors now look forward to the prospect of a "healthy flow" of trade between South Africa and the U.K.

Meeting, Cobham on December 10 at 5 p.m.

Triplex Foundries

In his interim statement the chairman of Triplex Foundries Group, Mr. R. Harrison, tells members that the current six months will be difficult but the group can maintain "a reasonable level of activity," and there is an improvement in some areas.

The group intends to continue with its re-equipment programme despite restricted profit margins, he adds.

As reported on November 28 first half—to September 30, 1975 —profits rose from £583,278 to £676,709 before tax. The interim dividend is 1.28p (1.2p) net.

The foundries division, despite the many problems arising from legislation, has again excelled itself and the engineering division has also managed to improve its position.

The other activities division, where there are some service companies, has suffered from Government and local authority cutbacks and customers are watching very carefully their stock levels and avoiding spending as far as possible, with a resultant drop in demand.

MORRIS & DAVID JONES

Holders of the 7¼ per cent. debenture stock 1987-92 in Morris and David Jones have approved early repayment of the stock at £80 per cent.

BIDS AND DEALS

A-Ecuadorian in talks

Anglo-Ecuadorian Oilfields, a company operating in South America in which Burmah Oil has a 31 per cent. share stake, announced yesterday that it is engaged in talks which may lead to a takeover offer.

The announcement followed a flurry of activity in the company's shares which are quoted in London. They closed yesterday 5p higher at 69p after having been as high as 71p. At the closing price the stock market valuation of the company is £6.2m.

In view of the early stage of talks Anglo Ecuadorian is not revealing from whom the bid approach has come.

It seems likely that if a satisfactory offer is made, and presumably one which has a cash alternative, Burmah Oil will be a willing seller of its stake since it is attempting to dispose of a range of assets in order to raise cash. On Wednesday it was announced that Burmah had agreed to enter into negotiations to sell its North Sea oil interests to the U.K. Government.

This news prompted an early reaction from the Burmah Shareholders Action Group which said that it expects that stockholders will be kept fully informed and consulted on the terms of any sale to the Government.

RICHARDS OF SHEFFIELD PURCHASE

Richards of Sheffield has reached agreement in principle for the acquisition from Dawnay Day Industries, a subsidiary of Dawnay Day, and its nominees, of 88 per cent. of the capital of **Archford Investments** at a price of 2½ per share cash.

The total consideration will amount to £200,000. As part of the deal, Richards will undertake to acquire from Dawnay certain loans for a consideration of £178,000.

The offer will be extended to the remaining shareholders on the same terms.

The net assets of Archford at June 30 amounted to £38,208, excluding the value of trade marks and an investment whose sole assets were represented by trade marks, and the pre-tax profit was £23,437.

Archford is the holding company of the Rodgers Wolstenholme Group.

C & S-TRIANCO

Central and Sheerwood, having made a general offer of 7.02p cash per share for the Ordinary shares of **Trianco**, has now offered *26p cash for each Trianco 6 per cent.* Cumulative Participating Preference share. Central and Sheerwood currently holds 43.92 per cent. and 14.6 per cent. respectively of the Trianco Ordinary and Preference shares.

Trianco directors intend to accept on their own behalf and are unanimously recommending shareholders to do likewise. Trianco Ordinary and 6 per cent. Preference closed at 7p and 20p respectively last night.

SHARE STAKES

Two family trusts, of which Mr. J. E. Sanger is a co-trustee, has each sold 10,000 Ordinary shares in J. E. Sanger.

Brandt's has disposed of its holding of 435,000 Ordinary shares (10.96 per cent.) in **Carclo Engineering**.

Slater Walker Securities and its subsidiaries, investment trusts, etc., no longer have an interest of 10 per cent. or more in **Robb Caledon Shipbuilders**. This is not a disclosure under the companies act.

Blundell-Permoglaze Holdings announce that, as at November 14 Slater Walker, its subsidiary unit trusts, etc., held 900,000 Ordinary shares in the company (14.13 per cent.). York Trust announces that as at November 21 Slater Walker, its subsidiary unit trusts, etc., held 480,000 Ordinary shares in the company *(12.80 per cent.). These do not* constitute disclosures under the Companies Act.

Mills and Allen announce that **J. H. Vavasseur Group** has purchased a further 75,000 Ordinary shares and now holds 7,077,488 Ordinary shares (76.29 per cent.).

Tranwood offer for Bank Bridge

The **Tranwood group**, which has interests in distribution and retailing, printing and packaging, has made an offer worth just over £800,000 for **Bank Bridge Securities** and a further offer for **British Benzol Carbonising** (in which Bank Bridge has a 41 per cent. interest) worth just under £300,000.

Terms are one Tranwood share for every three Bank Bridge Ordinary and nine Tranwood for every four British Benzol. Bank Bridge shares closed at 5½p, up 1½p, ahead of the offer which *values the shares at roughly 4.7p* each. The terms value each British Benzol share at 31½p: the shares have been marking recently at around 21p. Tranwood ended the day ½p better at 14p, matching the high for the year.

The offers are conditional on Tranwood receiving satisfactory financial information on the two companies, and in Bank Bridge's case, also subject to a rearrangement of that company's liability to David Dixon on which agreement was said to have been reached in principle in September.

The Board of Bank Bridge has indicated that it will recommend the offer, but the British Benzol Board is seeking advice.

Last September, Bank Bridge, an investment banking company, reported a loss of £163,000 for the year to March, 1975, compared with a profit of almost £730,000 the year before. The group has already embarked on a programme of rigorous cost elimination and planned retraction.

At British Benzol, a manufacturer of coke and smokeless fuel, there was a turnround from losses of £68,500 to profits of £1.35m. in the last financial year.

GRANADA BUYS TELSTAR

Granada Group has acquired **Telstar Colour-Vision** for its Robinson Rental subsidiary for a consideration of £796,245.

The purchase is to be satisfied by the issue of 322,388 "A" Ordinary shares and £446,245 cash. Telstar was 80 per cent. owned by UDS, the department stores group, and Mrs. E. L. E. Palmer and Mr. M. A. Harper, who owned the balance.

Telstar incurred a pre-tax loss for the eight months to October 4, 1975, of £197,457 and its accounts to the same date showed a deficiency of net tangible assets of £709,541, after deferred tax of £1.47m. and after deducting indebtedness to UDS of £2.20m. The UDS loans have been repaid in full by Telstar on completion.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
U.S.$	F.P.	—	$12¼	$12¼	Brazil Fund S.A.	$12¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	7/11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Hughes Tool [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol (City of) 13¼% Deb. Stk. 1981	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Coventry (City of) 13¼% Red. Stk. 1980	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Water 9% Red. Pref. 1981	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Haslemere Est. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −
20	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Haslemere ahead £2m. midway

GROUP PROFIT of **Haslemere Estates** jumped to £3.02m. for the half-year to September 30, 1975—£1.93m. in excess of the corresponding period and £1.7m. up on the last full year.

The directors confirm their forecast, made at the time of the rights issue in September, that pre-tax profit for the full year will exceed £3.25m., says chairman Mr. F. E. Cleary.

He points out that in outlining the purposes of the issue he drew attention to opportunities to purchase property for restoration and refurbishment and also industrial sites. It is the policy to take advantage of such opportunities and with the proceeds of the rights issue to finance this programme "I look forward to a period of profitable growth."

The interim dividend per 10p share is raised from 0.8p to 0.9p net and the directors intend to recommend a maximum permitted final—last year's total was 2.4425p.

	Half year 1975 £000	Half year 1974 £000	Year 1974-75 £000
Net rental revenue	2,798	2,790	4,621
Trading profits	2,530	1,699	2,415
Interest	2,320	2,440	3,122
Management exp.	270	140	310
Group profit	3,020	1,090	3,326
Share assoc. deficit	30	25	90
Tax	1,379	567	207
Minority interest	—	—	47
Net profit	1,409	498	1,054
Dividends	296	172	327
Retained	1,294	723	737
Carried forward	2,664	2,255	2,490

The chairman explains that trading profits do not arise on a regular basis and there is no direct comparison between any two half-years. It is anticipated that the total trading profit for the full year will slightly exceed £3m.

With short and medium-term borrowings linked to floating interest rates the company has benefited from the fall in interest rates: at £2.35m. the charge for the half-year is £110,000 below that for the previous half-year and as previously, all interest has been charged against current revenue.

Burnett & Hallamshire

IN LINE with expectations, profit before tax of Burnett and Hallamshire Holdings, the Sheffield-based civil engineering, industrial development, earth moving and plastics group, surged ahead from £362,900 to £623,702 in the half year ended September 30, 1975.

In his annual statement chairman Mr. A. G. Burnett said he was confident of maintaining a satisfactory rate of progress during the current year. He now reiterates this view.

Stated earnings per 25p share rose from 4.41p to 7.54p and the interim dividend is lifted from 1.125p to 1.45217p net. Last year's total was 2.6739p from record profits of £1.1m. There is also proposed a one-for-four scrip issue.

	Six months 1975 £	Six months 1974 £
Turnover	3,909,655	3,276,212
Profit before tax	623,702	362,900
Taxation	324,215	189,700
Minority profits	2,203	2,312
Profit after tax and minorities	301,602	178,512
Attributable	301,602	178,512

The group's major trading companies still have sufficient forward contracts to complete at "satisfactory margins."

Profits from earthmoving activities increased "substantially" in the six months, and civil engineering, building, oil marketing and storage are performing as planned, the chairman reports.

Completion of a factory extension for the plastics company has coincided with reduced demand for polyurethane products. But this is expected to be temporary and Mr. Burnett believes that the increased capacity will enable the company to take advantage of an upward trend when it occurs.

The group has spent £1.67m. on capital expenditure in the half year, representing the major part of the annual capital budget for the 12 months. This is in line with the policy of using modern *equipment to increase efficiency.*

The group's financial resources are sound, reflecting its better trading position, and are sufficient to meet the calls expected, says Mr. Burnett.

Mr. Burnett will be resigning from office early in the New Year, having recently reached retirement age. The directors have agreed unanimously that Mr. N. F. Swiffen, deputy chairman, will be elected as successor.

Improvement by Glenmurray Trust

Revenue before tax of Glenmurray Investment Trust improved from £134,782 to £147,741 during the year ended October 31, 1975, after being up from £50,302 to £74,344 in the first half.

Stated earnings for the year are up from 1.48p to 1.56p per 25p share and, assuming full conversion of the "B" Ordinary, they are *ahead from 1.9p to 1.27p.*

As expected, dividend total is being held at 1.35p net, with a final of 0.75p, recommended because of the probability, directors believe, of substantial conversions of "B" shares into Ordinary in the current year.

The directors also recommend an interim dividend of 0.6p (same) for the current year. In addition, "B" Ordinary holders will receive a scrip issue in "B" shares equivalent in asset value to the recommended final and current year interim, excluding *any tax credit.*

Net asset value at year end per Ordinary and "B" Ordinary share is shown at 69.6p (47.5).

	1974-75 £	1973-74 £
Revenue before tax	147,741	134,782
Tax	69,903	62,148
Available	77,838	72,634
Ordinary divs.	67,333	66,930
Retained	10,505	5,704
Forward	63,393	54,806

Control Secs.

After interest of £256,973 against £102,167, and including the *share of an associate's loss of* £205,033 compared with £16,708, Control Securities incurred a pre-tax deficit of £416,822 in the year to March 31, 1975, against £23,024 last time. Turnover dropped from £424,488 to £303,112.

A tax credit of £50,886 (debit £5,284) and a profit on realisation of assets of £42,393 (£50,826) leaves a loss of £365,936 (£28,308). The loss per 10p share is shown as 11.26p (0.88p).

Samuel Properties £1.7m. disposals surplus

AVAILABLE PROFITS of **Samuel Properties** emerged down from £471,684 to £244,300 for the year ended June 30, 1975, and earnings per 25p share are stated at 1.42p, compared with 2.23p.

There is no dividend, against a total payment of 1.005p net previously. Trustee status is not affected as the 1974-75 final dividend was paid in February, 1975, the directors point out.

A sum of £5,037,935 has been credited to unrealised capital surplus as a result of the directors' valuation of certain properties.

During the year the group completed funding of about £7.1m. in respect of developments. A *further £11.8m. was completed in* respect of developments being carried out by the group's joint venture companies with Bryant Holdings, reports chairman Lord Bearsted.

Satisfactory progress has been made in the construction and letting of the group's developments. In addition to proceeds from funding transactions, low yielding investment properties have been sold during the year for a total of over £3.3m. realising a surplus of £1.7m. over cost.

During the year the company redeemed at £85 per cent. the 6½ per cent. mortgage of £2.47m. with Combined Petroleum Companies Pension which was due for repayment from 1982. Total consideration was £1.6m. The company also bought in the market and cancelled £1.78m. of 7½ per cent. First Mortgage debenture stock 1993-2000 for £863,957. These transactions showed a non-taxable net capital profit of £1.78m. which has been added to shareholders' funds.

Since the year-end, a further £300,000 has been bought at a substantial discount. There remains £913,250 in issue. The policy of buying stock for cancellation continues. Provided the redemption yield approximates the cost of short-term borrowings, says the chairman.

	1974-75 £	1973-74 £
Gross income	8,701,190	8,004,952
Operating profit	2,620,196	1,645,854
Interest	3,660,541	2,764,380
Pre-tax loss	1,040,645	*276,674
Tax credit	640,724	†647,372
From unrealised capital surplus	531,429	†01,925
Leaving profit	576,776	632,028
Minorities	2,786	3,079
Extra-ord. credits	2,713,993	‡115,224
To capital surplus	3,562,417	34,179
Available profit	244,300	471,684

* Profit. † Charge. ‡ In respect of development properties. § Debits.

Net assets per share at June 30 were 107p (81p), calculated on capital and reserves including deferred tax amounting to £29.39m.

Following the lifting of the rent freeze and reviews, rents receivable have [illegible] by £490,000 per annum, [illegible] chairman.

British Steel considering reconstruction

The listing of British Constructions (Birmingham) [illegible] the Stock Exchange has [illegible] suspended at the [illegible] request. The Board is [illegible] the company's future [illegible] junction with its [illegible] advisers, with a view to [illegible] a scheme for the reconstruction of the share and loan [illegible].

As a result of financial [illegible] ment surveys since [illegible] programme of new [illegible] finance and management [illegible] systems has been instituted [illegible] directors are intent on [illegible] some of the loss-making [illegible] aries to profitability. Last [illegible] the group reported the [illegible] overall return to profits [illegible] 1968, with a pre-tax figure [illegible] year of £183,000.

هكذا من الاصل

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Monsanto to double its worldwide spending

BY RHYS DAVID, CHEMICALS CORRESPONDENT

[MO]NSANTO, the U.S. based [int]ernational chemical and fibre [pro]ducer, is to step up its world[wi]de investment to around [$60]0m. a year in the period up [to] 1979—more than double the [lev]el of spending over the past [five] years.

[T]he investment includes the [com]pany's major expansion at [Sea]l Sands, Teesside on new [acr]ylonitrile facilities—a project [wh]ich, it has now been disclosed, [is] expected to cost more than [$25]0m. (£125m.), the biggest [sin]gle investment ever under[tak]en by Monsanto anywhere in [the] world.

[T]he company is also spending [sm]aller sums at other U.K. [che]micals and plastics plants at [Ru]abon and Newport in Wales, [and] at its Coleraine fibre plant, [as] well as at several European [loc]ations.

[M]r. James Kerley, Monsanto [gro]up vice president, who was [spe]aking to the Financial Times [dur]ing a visit to London, said [the] investment was going ahead [this] year, despite the current [rec]ession, to meet expected [gro]wth in demand during the [rest] of the decade. Total invest[men]t in 1975 is expected to top [$50]0m., climbing to $600m. next [yea]r compared with an average [inv]estment of under $300m. in [the] five years up to 1974.

[T]he investment at Seal Sands [tog]ether with a similar invest[men]t in the U.S. will make Mon[san]to the world's biggest pro[duc]er of acrylonitrile, a raw [mat]erial used in the manufacture [of v]arious fibres and plastics for which the company is projecting strong growth prospects.

The company is anticipating substantial further increases in European consumption of the ABS/SAN group of plastics for which acrylonitrile is an important raw material. Consumption in the U.S. is already several times per head greater than in Europe but Monsanto believes the gap can be closed substantially without hitting the market for other types of plastic.

The company is also expecting to see continued growth in demand for acrylic fibre, also derived from acrylonitrile, where it has a strong branded position in both the U.S. and Europe in carpet fibres and in knitwear. In Europe the company's Coleraine and Lingen, West Germany, acrylics plants are both being expanded to a total capacity of 120m.-130m. lbs a year, a size which the company Monsanto claims will give it good economies of scale.

The other major outlet which Monsanto is hoping could develop for acrylonitrile is in plastic bottles, though this application is likely to reach Europe much later than the U.S. Monsanto has been developing a plastic bottle for carbonated beverages in the U.S. since the late 1960s and is currently bringing into operation a polymer and three bottle plants. A total of nine bottling lines will be in operation in the course of 1976 for Coca Cola.

Monsanto is reluctant to reveal how much has been spent on the bottle development or when a return on its investment will be seen but the company is hoping its recyclability will enable the bottle to win a substantial share of the market. The bottle is capable of being crushed and the materials used again in bottle manufacture or can be disposed of through burning.

Monsanto, which reported sales in the first nine months of 1975 of $884.9m. compared with $956m. in the same period last year, and earnings down from $74.8m. to $56m., is expecting the recovery which began in the third quarter to be continued in the last three months of this year and in 1976.

The company shipped record volumes of fibre in August and September in the U.S. but deliveries in October fell back slightly. The company says it is now operating at high rates of plant utilisation and reports definite price hardening. Demand for plastics remains at a comparitively low level and U.S. plastic plants are running at only 75 per cent. of capacity.

The company is hoping for a further revival in textiles demand in 1976 in the U.S. and in Europe, and also expects continued strong growth in other areas of the business which have been holding up well in the past year, including agricultural chemicals and industrial chemicals. Dependence on textiles has been significantly reduced. Whereas in the late 1960s it accounted for some 60 per cent. of profit, last year textile operations around the world accounted for only 35 per cent. of sales and 18 per cent. of profits.

Conti notes rise in turnover

By Guy Hawtin

FRANKFURT, Dec. 4.

CONTINENTAL Gummi-Werke, the Federal Republic's leading tyre producer, has noticed an encouraging upturn in turnover over the past couple of months. Indications are that the trend should continue as demand for winter tyres increases.

At the half way stage this year, turnover kas 9.1 per cent. below the level of the same period of 1974. But by the end of the first three quarters the situation had improved considerably although turnover was still 7 per cent. beneath the previous year's figures.

Figures just produced for the first 10 months of the year show a continuation of this trend. Overall turnover at the end of October stood at DM1.13bn.—6.5 per cent. below the 1974 level.

Continental still appears to be finding it difficult to forecast a likely outcome for the year and this situation seems certain to continue until the last few days of the year. Much depends on winter tyre sales which are already under way. Continental believes these will be satisfactory, but a particularly mild winter could, presumably, upset even the most cautious projections.

Over the past 10 months the Continental workforce has fallen by about 6.8 per cent. to 19,000 employees. For them, the encouraging news is that Continental is reconsidering its short-time working programme which has affected some 10 per cent. of the labour force. However, there are no plans to change a lengthened Christmas *break scheduled to run from* December 22 to January 2.

Haw Par announces sharp fall in interim profits

BY ILSA SHARP

SINGAPORE, Dec. 4.

THE HAW PAR Bros. International group in Singapore to-day announced its June 1975 half-year pre-tax profits, drastically reduced over the 1974 first half. They are unaudited pending "the review of the group's policies by the new Board which may have a material effect on the results of the six months to June 30, 1975." Profits this year were S$2.7m. compared with the 1974 first half figures of S$12.6m.—a reduction the group attributes to stagnating consumer demand and rising inflationary costs, so that "it has been considered prudent to make substantial provisions against both stock and trade debtors."

Another adverse factor has been the loss of S$1.5m. before tax incurred when the group withdrew from the production of low-cost denims and shirts in order to concentrate on quality fashion goods. "Subject to no unforeseen circumstances arising the Board anticipates that the results for the six months to December 31, 1975, will exceed those for the six months to June 1975," says the Board.

Obviously to-day's announcement is characterised by the caution which implies momentous decisions to be taken by the new Board over the next few months. The new Board consisting largely of distinguished and reputable local names took over on November 11, headed by Mr. Michael Fam as chairman; he is also chairman of Hume Industries and a director of the Straits Times 1975 newspaper group in Singapore.

Also on the board is Mr. Angus Petrie of the Hong Kong and Shanghai banking corporation to which Haw Par owes S$6m. One of the new Board's major tasks is to settle these debts and also the S$70m. loan outstanding to Slater Walker Securities.

An interesting feature in to-day's announcement is the hint that the Board is reconsidering the use of equity accounting, first adopted in 1974 and continued for these 1975 first half results. This method was adopted for the group's principal investment associates where group holdings exceeded 20 per cent. on the grounds that they were long-term investments and that diminished current market values were of secondary importance.

To-day's statement says the Board is examining this method of accounting and is also considering the carrying values of certain of the group's long-term investments and properties.

The group's pre-tax profits also include dividends from the Melbourne Unit Trust a Hong Kong unit trust over 99 per cent. owned by the Haw Par group, totalling S$3.9m. This unit trust is a share dealing entity and may possibly be of the type which Singapore government and Stock Exchange investigators are now examining to see whether or not Haw Par has in the past breached Singapore and London company law by dealing in its own shares. Dealing profits *achieved were then redistributed* to boost published company results as and when necessary.

Concorde moves into banking

By Richard Rolfe

MESSINA'S 49 per cent.-owned associate, Concorde Leasing, is to merge with the Staalwerkers-Spaarbank by means of a reverse takeover; it will involve the Staalwerkers, a small bank associated with state steel producer Iscor and the insurance group Sanlam, issuing 5m. shares for Concorde on top of its existing 800,000 shares. The main motive for the deal is that Concorde needs a banking licence licence ahead of the Financial Institutions Amendment Bill, to be tabled in Parliament next year, which may affect its ability to take deposits.

The combine will have shareholders funds and reserves of over R5m. The important point is that against a current gearing ratio of 5 : 1, which restricts present outside borrowings to R25m., Concorde will be able, in its new form as a bank rather than a leasing company, to extend commitments on a 16⅔ : 1 ratio to capital plus reserves. This means that the Concorde bank will be able to increase its assets to nearly R100m. once the deal is concluded. It may also more than double leasing commitments to about R50m., with the balance of its assets going into prescribed and liquid assets.

Messina's stake will fall to 41 per cent. after the deal as a result of the increase in share capital and in terms of the SA Banks' act the holding will have to be reduced further to 30 per cent. But an option granted earlier by Concorde to Sanlam, which provides for the insurance group to take up 300,000 shares on March 1 each year from 1976 to 1980 inclusive will look after this enforced dilution. Concorde shares firmed to 95 cents on the Johannesburg stock exchange on consideration of the deal, which could raise earnings to about 26 cents and enable Concorde to grow rapidly on the strength of a mere 16 per cent. increase in equity capital.

Japanese trust banks maintain above-average rise in assets

BY PETER DUMINY

TOKYO, Dec. 4.

JAPAN'S seven trust banks maintained their above-average growth rate in the April-September half-year, expanding their operating base by more than 8 per cent. Profits were, however, squeezed all round, dropping by 12 per cent. from October-March performances and even more steeply compared with the corresponding months of last year (before non-recurring items and tax).

Sumitomo Trust made the best showing. Funds showed average growth to reach $11.8bn. and the decline in profits was held to under 7 per cent. compared with the preceding six months and 9 per cent. compared with a year ago. While these comparisons may be rendered dubious by accounting changes, the fact remains that the resulting profit figure, of $37.6m., was the highest recorded, enabling Sumitomo to overtake Mitsubishi Trust for the first time.

In fact this completes the Sumitomo group's hat trick. Its earlier achievements this report*ing season were Sumitomo* Metal's virtually solo profit among steelmakers and the fact that the City Bank, probably the key company in the group, produced the highest commercial banking profits. It could be added that Sumitomo Shoji, the trading arm, managed to nose ahead of its two main rivals (Marubeni and C. Itoh) in that league also.

Like the city banks, the trust banks were caught between declining lending rates unmatched by improvements in borrowing conditions.

Theoretically, trust banks have more freedom of action than other financial intermediaries, since their deposits are flanked by very much larger funds held against so-called beneficiary cer*tificates, plus other more famil*iar trust instruments. Dividends or interest rates on these are, in principle, freely variable, but naturally the trust banks were reluctant to upset their customers or risk disruption of the mechanism which has been responsible for most of their post-war growth.

In one respect the past year has been especially difficult for these banks, namely the fact that about 13 per cent. of their loans are in real estate, in some cases via holding companies which have had liquidity problems in common with property developers in most parts of the world. However, these difficulties are reported to be ending, and have not noticeably scarred the banks.

Mitsubishi reports profits of $36.5m., down 16 per cent. from a year earlier, derived from funds which increased 10 per cent. to $12.4bn. from end-March to end-September. Mitsui Trust experienced a profit decline of 23 per cent. to $28m. on the same basis, despite a 7.8 per cent. increase in funds to $10.9bn.

Yasuda Trust, which belongs in the Fuji Bank's orbit, reported a 9 per cent. rise in funds available. However, profits were 7 per cent. lower than a year ago at $23m.

UBAAB in New York

NEW YORK, Dec. 4.

New York State banking commissioner John Heimann said he granted an organisation certificate for UBAF Arab American Bank (UBAAB), allowing the bank to establish operations in New York. Heimann said his department insisted that UBAAB pledge to operate in a completely non-discriminatory manner before it issued the certificate.

UBAAB is expected to start operations in spring 1976, with capital of about $25m. The largest shareholder is Union de Banques Arabes et Francaises (UBAF) with 12 per cent., the others being banks from a number of Arab countries.

Reuter

Queensland Alumina

BY JAMES FORTH

SYDNEY, Dec. 4.

QUEENSLAND ALUMINA, the *operator of the Gladstone alu*mina refinery has raised $U.S.50m. through a private placement of long term stock in the United States. The funds will be used partly to refinance short term borrowings and to finance minor alterations and additions. There is no major capital project planned.

QAL is owned 32.3 per cent. by Kaiser Aluminum of the U.S., 21.4 per cent. by Alcan of Canada, 20 per cent. by Pechiney *of France*, 13.8 per cent. by the *Australian aluminium group* Comalco and 12.5 per cent. by Conzinc Riotinto of Australia.

QAL's stock matures in 1992. Underlining the advantage of borrowing abroad at present the interest rate is 10.875 per cent., well below comparable Australian rates. QAL's managing director Mr. K. W. Peterson said that the chance had arisen to refinance about $US22m. of short borrowings on more favourable terms.

French steelmakers contrast

BY RUPERT CORNWELL

PARIS, Dec. 4.

[USI]NOR, the operating arm of Denain Nord-Est Longwy [grou]p and France's largest steel[mak]er, will make a loss of around [Frs.1]bn. (£110m.) this year [than]ks to the world-wide steel [slum]p, and will pay no dividend [nex]t spring.

[A]t a Press conference to-night Usinor president M. Jean[...] de la Colombe described [197]5 as the worst-ever year for [the] industry. Since spring new [ord]ers had been running 35 per [cent] down while prices in the [seco]nd half had declined more [tha]n 20 per cent., especially in [exp]ort markets.

[T]he consequences for Usinor [wer]e that losses before deprecia[tion] and financial charges would [rea]ch around Frs.850m., to which [som]e Frs.150-200m. would be [add]ed by depreciation. In the [boo]m year of 1974 the company [ear]ned a pre-tax profit of [Frs.]2.05bn.

[T]he president emphasised the [ext]ent to which the group was [ope]rating below capacity, a key [fact]or in its deficit. Production [pote]ntial was far above 1975's [outp]ut of just 7m. tonnes while [turn]over, at Frs.7.5bn. to Frs.8bn., was well below what Usinor had been anticipating before the industry's troubles.

The crisis has also inevitably taken its toll of the group's finances. Long- and medium-term debt, M. Hue de la Colombe said, would total approximately Frs.7.7bn. at the end of 1975 compared with Frs.6.4bn. on December 31, 1974, while investments (down to Frs.550m. from Frs.700m.) would only begin to show their value once the steel climate improved.

The president was very cautious in assessing prospects for 1976, other than to underline that the volume of present orders was obviously far beneath a level reflecting normal long-term demands for steel. Matters should improve next year, while world steel consumption would still grow strongly between now and 1980.

However, an altogether different picture was presented by Vallourec, the special steel and pipes subsidiary of Denain, which thanks to higher export orders was anticipating record 1975 profits and a higher dividend.

Company president M. Jean-Paul Tannery told the press that earnings would top Frs.160m. after depreciation of Frs.100m. (Frs.84m.) and substantial provision for risks involved in several export contracts. Parent company turnover would be Frs.4.4bn. and that of the Vallourec group Frs.7.5bn.

It was heavy welded and unwelded pipes that provided the key to the company's success. M. Tannery said that although demand—and therefore prices—*would slacken next year, orders* already in hand and an expected recovery in small welded tube business should see Vallourec comfortably through 1976, albeit with somewhat reduced profits.

Denain itself, now exclusively a holding company, is forecasting a rise in 1975 earnings to Frs.136m. from Frs.123m. and plans to pay an unchanged dividend of Frs.12.50 per share. Beyond that the prospects were less rosy. In 1976 the absence of a dividend from its main subsidiary Usinor would halve profits to Frs.60m. or less, even though revenues from other offshoots would be about the same.

Mitsubishi convertible launched

Financial Times Reporter

THE CONVERTIBLE Eurobond issue by Mitsubishi Electric has now come to the market. It is a $30m. 15 year issue with an indicated coupon of 7¼ per cent. at a par offering price. The bonds will be convertible from next April 1 at a conversion price to be decided at the time of offering. Lead manager is Kidder Peabody International.

The borrower has an option to redeem such bonds as are not already converted at a 5¼ per cent. premium from March 1979 to March 1981 if the average stock price has at least 150 per cent. of the conversion price during a specified period.

★

Ontario Hydro launched a $75m. Eurobond issue yesterday evening. Indicated coupon is 9 per cent. and maturity seven years. Lead manager is Deutsche Bank.

★

Latest issue in the D-Mark sector is DM100m. for the Kingdom of Norway. Coupon will be 7¾ per cent. and issue price 99½, giving a lower yield than other recent D-Mark foreign bond issues. Maturity is five years and lead manager Deutsche Bank.

★

Compagnie Francaise des Petroles is raising $40m. for six years on the Eurobond market. Indicated coupon is 9 per cent. and lead manager Banque de Paris et des Pays Bas.

★

Kyoto Ceramic has said that it has filed registration with the U.S. Securities and Exchange Commission for an issue of 1m. shares of American Depository Receipts in the new year. Lead managers would be Daiwa Securities and Merrill Lynch.

★

The coupon on the European Investment Bank's $50m. Middle Eastern issue has been cut from an expected 9¼ to 9 per cent. Issue price has been set at 99 per cent.

★

NYK Lines has signed the agreement for a Euromarket loan of $60m. The 6½ year loan offers lending banks a spread of 1¾ per cent. It was provided by a group of banks led by Westdeutsche Landesbank Girozentrale.

New president at Aerospatiale

BY RUPERT CORNWELL

PARIS, Dec. 4.

[AFT]ER MONTHS of uncertainty, [the] French Government has [final]ly named a new Aerospatiale [pres]ident who, it hopes, will [chan]ge the fortunes of the coun[try's] troubled aircraft manufac[ture]r. Aerospatiale is respon[sible] for both the supersonic [Con]corde and the medium-haul [Airbus air]craft.

[Th]e choice has fallen on [Gen]eral Jacques Mitterrand, the [...-y]ear-old reservist Air Force [gene]ral whose brother, Francois, [is t]he French Socialist leader. [A]s a former commander of [the] National strategic nuclear [forc]e, he has the reputation of [bein]g one of the most dis[ting]uished French military [thin]kers.

[Ge]n. Mitterrand is, however, only the Government's second choice for the post and his nomination at this week's Cabinet meeting comes after the refusal of M. Jacques Mayoux, a previous head of Farmers' banking co-operative Credit Agricole, on the grounds that he could not get the men and the personal authority which he was seeking.

The suitability of the new candidate may be questioned. Aerospatiale—thanks above all to its problems with Concorde—has been afflicted for a few years now by rising losses and weakening finances. In 1974 its deficit topped Frs.464m. (£54m.).

The delay in finding a successor to the present incumbent, M. Charles Cristofini, has brought matters to a head. Morale at Aerospatiale has reportedly sunk to unprecedented depths and the effective interregnum has brought decision-making almost to a standstill.

It may well be doubted whether the life-long soldier, Jacques Mitterrand, is the right man to sort things out. Although his qualities are not questioned, the business daily Les Echos to-day put into words what many feel, with the comment that Aerospatiale, in its present troubles, needs a proven manager and industrialist rather than a man bound up with the power structures of the State, whose dictates have been largely responsible for bringing the company to its present pass.

Unions have their say on the Italian motor industry

BY ANTHONY ROBINSON

ROME, Dec. 4

[MIL]AN went on strike to-day in [supp]ort of workers at Innocenti, [...]lli and dozens of other [plan]ts throughout Lombardy [thre]atened with growing unem[ploy]ment. Six columns marched [with] banners flying through the [cent]re of the city to a mass meet[ing] in Piazza Del Duomo.

[Me]anwhile the trade unions' [stron]g resistance to what they [call] the "absurd" proposal made [by Ho]nda to take over Innocenti [cont]rasts with a favourable [respo]nse to Fiat's declared wil[lingn]ess to study the possibility [of c]oncentrating production of [...d]erived light vans and mini[buse]s at the Innocenti plant.

[Th]e unions reject the Japanese [prop]osal essentially because they [fear] a repeat performance of the [...] and experience and under[stand] that an assembly operation [of t]his kind is just not an [econ]omic proposition under [Itali]an wage and employment [cond]itions.

[Fi]at's plan is essentially to [ratio]nalise production in the auto [deri]vative sector which is [curr]ently spread around several [plan]ts. It would mount either [petr]ol or light diesel engines pro[duce]d at the joint Fiat-Alfa [Rom]eo-Saviem plant now under [cons]truction near Foggia.

[Fi]at engineers are currently [exam]ining the Leyland Innocenti [plan]t prior to Fiat making a [conc]rete proposal. It is con[side]red unlikely, however, that [the] Innocenti plant could be converted satisfactorily in less than two years. Under these circumstances the unions would like to see an arrangement under which Leyland Innocenti Minis continue to be assembled here for this period.

Meanwhile the refusal of the state controlled Alfa Romeo Group to participate on a joint basis with Fiat has led to strong union criticism which extends to questioning what sense there is in a state controlled company like Alfa Romeo producing just luxury motor cars. We have nothing against the production of luxury motor cars, but we don't see the logic of the state being involved in this activity, the unions are now saying. This is one example of the need to give a fresh look at the strategy of the state controlled industries as a whole, they add.

FLM union secretary Bruno Trentin goes further, to add that Alfa Romeo should be sold off to Fiat. This is a neat reversal of *Fiat managing director Umberto* Agnelli's complaint some six months ago that unfair competition from Alfa Romeo could eventually lead to a state take-over of a Fiat automobile division unable to compete against the subsidised production of state controlled companies like Alfa, Renault and British Leyland.

Fiat's performance over the last two years of crisis in the industry has contributed to a new respect for the virtues of free enterprise on the Italian left, unions included.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	102	103
Ashland 8pc 1987	98½	99½
Austrawiss 8pc 1987	92½	93½
Borregaard 8½pc 1989	94½	95½
Broken Hill 10pc 1990	101	102
Carrier 8pc 1987	89	90
Conoco 8pc 1985	96½	97½
Consol. Foods 7½pc 1991	87½	88½
Cutler Hammer 8pc 1987	91½	92½
EIB 9½pc 1985	101¼	102¼
ERAP 9½pc 1993	100	101
Esso 8pc 1986 Nov.	98	99
General Cable 8½pc 1987	93½	94½
General Motors 8½pc 1980	101½	102½
Granges 9½pc 1985	98	99
GTE 8½pc 1986	95½	96½
New Zealand 9½pc 1982	101½	102½
Pacific Light 8pc 1988	89½	90½
Prov. of Quebec 7¾pc 1988	89½	90½
Quebec Hydro 8½pc 1989	89½	90½
Queensland 8½pc 1987	91	92
Scanraff 8½pc 1988	94½	95½
Shell 8pc 1988	96½	97½
Stand. Oil (Ind.) 8½pc 1980	99½	100½
Tenneco 7¾pc 1987	86½	87½
Transocean 8pc 1988	97	98
Utah 8pc 1987	91½	92½
Volvo 8½pc 1985	100½	101½
NOTES.		
Air France 9¾pc 1982	102½	103½
Ardal 9½pc 1980	101	102
Australia Ind. Dev. Co. 10¼pc 1981	104½	105½
Barclays 9½pc 1982	100	101
Cie Nat. du Rhone 10pc '82	103	104
Du Pont 7¾pc 1978	101½	102½
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1978	101½	102½
Montreal 9½pc 1981	100½	101½
Nippon Steel 9¼pc 1980	99½	100½
Norway 9pc 1980	102	103
Skandinaviska Enskilda 10¼pc 1981	104	105

Source: White Weld Securities London.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	80	82
Ashland 5pc 1988	78	80
Beatrice Foods 4¼pc 1992	94	96
Beatrice Foods 4½pc 1992	102	104
Borden 5pc 1992	92	94
Broadway Hale 4½pc 1987	78	80
Canon Camera 7¼pc 1989	94	96
Carnation 4pc 1987	83	85
Chevron 5pc 1988	95	97
Dart 4¾pc 1987	81	83
Eastman Kodak 4½pc 1988	117	119
Economic Labs. 4½pc 1987	78	80
Fidal 7½pc 1989	70	72
Fed. Dept. Stores 4¼pc '85	126	128
Firestone 5pc 1988	87	89
Ford 6pc 1986	84	86
Ford 5pc 1988	75	77
General Electric 4¼pc 1987	82	84
Gillette 4¾pc 1987	76	78
Gould 5pc 1987	86	88
Gulf and Western 5pc 1988	84	86
Harris 5pc 1992	70	72
Honeywell 6pc 1986	75	77
ITT 4½pc 1987	63	65
Komatsu 7½pc 1990	102	104
J. Ray McDermott 4¾pc '87	110	112
Mitsui 7¼pc 1990	102	104
J. P. Morgan 4¼pc 1987	99	101
Nabisco 5½pc 1988	92	94
Owens Illinois 4½pc 1987	87	89
J. C. Penney 4¼pc 1987	76½	78½
Pioneer 6½pc 1988	170	173
Rank 4½pc 1995	40	43
Revlon 4¼pc 1987	98	100
Sperry Rand 4¼pc 1987	89	91
Squibb 4¼pc 1987	87	89
Texaco 4¾pc 1988	74	76
Toshiba 6½pc 1990	101	103
Union Carbide 4¼pc 1982	99	101
Warner Lambert 4½pc 1987	91½	93½
Warner Lambert 4¾pc 1988	81½	83½
Xerox 5pc 1988	69	71

Source: Kidder, Peabody Securities.

The Property Market

BY QUENTIN GUIRDHAM

Pilcher spells out the central problem

"Since the assumption is that most, if not all, the funds for for commercial development will in the foreseeable future be provided by the private sector, conditions must be secured in which these institutions (incurance companies, pension funds, property unit trusts and charities) are willing to supply the bulk of the monies needed."

This is one of the home truths, perhaps the most important of them, which Sir Dennis Pilcher's advisory group has spelled out in its first report. There may still be people who are unaware of the dominant role of institutions in all but the residential sector of property, and of the similar position they might well reach, given present tax intentions, in agricultural land. But even those legislators who understand the position may need reminding that the taps can be turned off, or at least the flow diverted.

Property, granted the really long-term for which institutions invest, is still a sector which offers some chance of getting nearer to the impossible ambition of matching returns to inflation. *But this is* not the same as saying that institutional managers will fund new developments.

The reasons why neither they nor anyone else is much interested *in new schemes* at the moment is spelt out baldly, along with figures ot show the decline in importance of site value. This, again, is something which needed saying. Official pessimism of this sort is an answer to those who might *still* be tempted to think that the slowdown in development is solely a symptom *of some* very *greedy developers* getting too greedy and coming a cropper.

"*At a* time when industrial and commercial firms are seeking to cut costs, when demand for labour is falling, and capital investment is low, it seems unlikely that the commercial and industrial rents will increase rapidly in the foreseeable future. Consequently development schemes will only be viable if there is a *substantial* reduction in the rate of increase in building costs and in the rate of interest *charged for funds. Without such* a reduction little new development is likely to be undertaken and a diminution of new space can be expected in two or three years."

Where Pilcher and his committee have shown tact is in telling the Government of its own part in all this. Not that they pretend that legislative uncertainty is the main cause. But they do say that this uncertainty has been an added burden, and rightly point to the tax situation as the main problem.

"The lesson is that when making changes in the taxation of commercial property the *Government should try when* first announcing its proposals to give sufficient detail on the extent and *timing* of new obligations to permit those who may be liable to know the basis on which they will be taxed in relation to particular schemes which are either under construction or being planned."

That this even needs to be said would be surprising to anyone who had not followed *property during the past few* years. Pilcher also makes a long-range suggestion that, with no betterment gains, developers ought "in principle" to be taxed on the same basis as other productive enterprises. It is possible, says Pilcher, that the industry ought also to be eligible for the same investment incentives as other producers of "valuable physical assets."

This, however, like the dis*approval implied about the way* the Community Land Act leaves many of the important adminis*trative details till* some future time, is, not going to have an immediate impact. What will, and in part has already, is the recommendations on leases, a subject the group was specifically asked to examine. Mr. John Silkin, the minister responsible, has now given his decision on the length of lease, announcing this along with publication of the report.

The 60-year lease idea has been dropped, though councils could still insist on something of this length or even shorter if they could get away with it. But the "*up to 99 years" allowed* them presumably means that this will become the norm for offices and shops. *How much of* a concession is this? After all, the institutions want 125 years, *and the Pilcher report goes into* some detail about why, when matching length liabilities *against investments of similar* term, this looks necessary to many of them. There will be less money for the authorities when they sell leases of less than 99 years, and the investors will need a higher return. Neither of these results is, presumably, desirable.

The language of the report is specific: "*The main effect of* short leases (of rather less than 99 years) would be greatly to *diminish* the price which local authorities could obtain . . . even if institutional interest could be secured which seems unlikely on their present investment policies."

Whether 99 years proves sufficient must remain in doubt when Pilcher talks of the "desirability in many cases" of 125 year or more leases *or even* perhaps freeholds in unattractive areas.

When Mr. Silkin said he would listen to proposals for longer than 99 years "in particular *cases" he cannot have intended* that this would cover any great proportion of the leases the authorities will be *selling*.

Three other interesting points on leases are included. One is the recommendation that an equity split should not be decided until after a development is up and let. The second is the space given to anxieties about the role of authorities as landlords: "What concerns many . . . is that a local authority may be able to use its increasingly powerful, and ultimately monopolistic, position as a supplier of land for commercial development to exercise a greater and more oppressive landlord control *than is conferred upon the* private landlord by statute and common law, and to seek to *include in leases unreasonably* restrictive terms." Pilcher recommends that some model *forms of lease should be drafted*, though the trouble with models, rather than guidelines, is that once there they are likely to be followed for ever, so that a permanently wrong turn can be taken.

The third point of leases will be the subject of further study by the advisory group. This is *the fairly crucial point*, central to the length of lease problem, about rights to seek redevelopment during the term of the lease.

A case left for REITS?

"If a bank was to give us all the money in the world we wouldn't know what to build with it." That could be said about British commercial property *development*, apart from the extreme unlikelihood of any bank giving anything to such a cause. But this was actually Mr. Daniel Rose talking about the U.S. He is the financial brain of the private Rose Associates, which has been a major U.S. developer (the Bankers Trust Building on Park Avenue being a well-known example of its work), and was in London to talk to the Institutional Investor conference about American property investment.

Mr. Rose did not try to make the subject sound easy. It was a quixotic year when a supposedly "conservative" institutional mortgage on New York's Chrysler Building was foreclosed but the *$12m. investment* in taking London Bridge to Lake Havasu turned out to be a roaring *success. He did, however, come* up with one positive line which might surprise those overseas investors, *including the British* funds, who are now looking at the U.S. market perhaps more closely *than ever before.*

The idea is that, although most investors are looking to buy *individual parcels, there may be* a higher return with a widen spread risk in looking at the disaster area of real estate investment trusts and also at the institution-sponsored common funds.

Among the open-end common funds, Rose suggested Prudential Life Insurance's "PRISA," First National Bank *of Chicago's* Fund F, or the Wells Fargo Equity Fund. Among the REITs, *the names he gave were General* Growth Properties, Connecticut General Insurance's equity trust and one he is involved with himself as a trustee, Corporate Property Investors, at present privately traded with the United Nations and Morgan Guaranty pension funds invested and also some private Rockefeller and *Agnelli money. The main invest*ments of this equity, as opposed to mortgage-lending trust, are *in shopping* centres.

With 28m. square feet vacant in New York, Rose told his audience that any U.S. investments should still be made in same way porcupines make love, i.e. very, very carefully, but trust and funds with a fair track record and selling at substantial discounts might be a more prudent course than direct buying, he suggested.

The Kuwaitis have, however, not been deterred from some large recent purchases: $23m. paid by United Realty of Kuwait for 23 Boston properties from the Maurice Gordon Estate; $15m. invested by the Kuwait Investment Company in the Atlanta *Hilton centre; and the* $70m. purchase by the same company of Kiawah Island off Col*ston Harbour* in South Carolina.

OUT AND ABOUT

● Brooke Bond Oxo is selling its long lease on the West Pimbo Industrial Estate Skelmersdale. Built in 1969 the total area is about 88,500 square feet with 76,750 square feet of factory space and 8,230 square feet of offices. A 99-year lease from 1968, at a rent of £4,712, is being offered *for £395,000. Agent is* Richard Ellis.

● Grandvista Properties, an associate of Equity and Law Life Assurance Society has paid just under £1m. for a freehold ware*house investment in Mijdrecht,* Holland. The property totals 60,000 square feet of warehousing and 21,000 square feet of offices, built last year. Tenants include Cosmonda Voedingsmiddelen BV, a member of the Knorr Group, and SKF Norma BV. Jones Lang Wootton introduced the property to Grandvista and were retained to advise on the purchase.

● French Kier Developments has let and sold its office development Norfolk House in Temple Street, Bristol. The Department of the Environment has taken the 43,710 square feet building which adjoins the leaning tower of Temple Church. The investment has been sold to Grand Metropolitan Pension Trust for what is called "sub*stantially in excess of £1m.*"

J. P. Sturge & Sons and Mellersh & Harding acted for French Kier Developments, arranging the letting and the sale, while the pension fund was represented by Leavers.

● Evidence of how City rental expectations have fallen, even in one of the healthier areas, *is* provided by revised asking terms for 56 Leadenhall Street, EC3, developed by International Caledonian Assets with Furness Withy as leaseholders. The refurbished 28,764 square feet offices were offered in February with an asking rent of £525,000. But its position near Lloyds and the Baltic has not shifted the space yet. The new asking rent is £375,000 a year.

Joint agents are Matthews & Goodman and Richard Ellis.

● Sherbourne House Properties has sold its office development finished a year ago, in Northolt Road, Harrow. The four storey building has 6,000 square feet of offices on ground, first and second floors with 2,000 square feet of residential accommodation to the fourth floor. The *building* is let to Bovis Construction for 25 years at £40,000 a year with five year reviews. It has now been sold to Gallahers Pensions for £456,000. Chestertons acted for the buyers. Edward Gray and Company of Wembley bought the site for Sherbourne House, arranged the letting and acted in the sale.

● Crel BV has bought a central Hamburg shop and office site fronting on to Moenckeberg-strasse and next to the Karstadt department store from a subsidiary of *Lewston International* now in liquidation. The vendor was represented by Jones Lang Wootton, *who are also retained* by Crel, a joint company of the Unilever pension fund, Chesterfield Properties, and Mr. Howard Ronson, as letting agents.

Construction has started on 2,300 sq metres of shop space and the building will also include about 3,000 sq metres of offices. Total cost is expected to be something above £5m. Crel has other shop developments in Germany in the Koenigsallee in Dusseldorf, the Koenigsstrasse in Stuttgart and the Bayerhouse covered centre by the Munich railway station.

INDUSTRIAL AND BUSINESS PROPERTY

هكذا من الاصل

هكتر امن الاصل

NEW INDUSTRIAL PROPERTIES

a site better placed

Our six prime sites all have excellently appointed factory and warehouse units, from 5,500 sq. ft. upwards, ready for you to move into. And purpose built units from 20,000 sq. ft. can rapidly be erected to your own specification.

All sites have outstanding accessibility by road, rail and air: most are in Development Areas, and thus eligible for generous Government grants and allowances of up to 22% of the construction costs.

For full details just place a tick beside the relevant area and send off the advertisement clipped to your letterheading.

- Bordon, Hants from £1.15 per sq. ft.
- Kirkby, Lancs from 75p per sq. ft.
- Stockton-on-Tees, Cleveland from £1.05 per sq. ft.
- Haydock, Lancs from 80p per sq. ft.
- Cardiff, Glam. from £1.00 per sq. ft.
- Chelmsford, Essex (rents upon application)

Rush & Tompkins

Rush & Tompkins Developments Limited. FT5/12
Marlowe House, Sidcup, Kent. Tel: 01-300 3388.

Mayfair

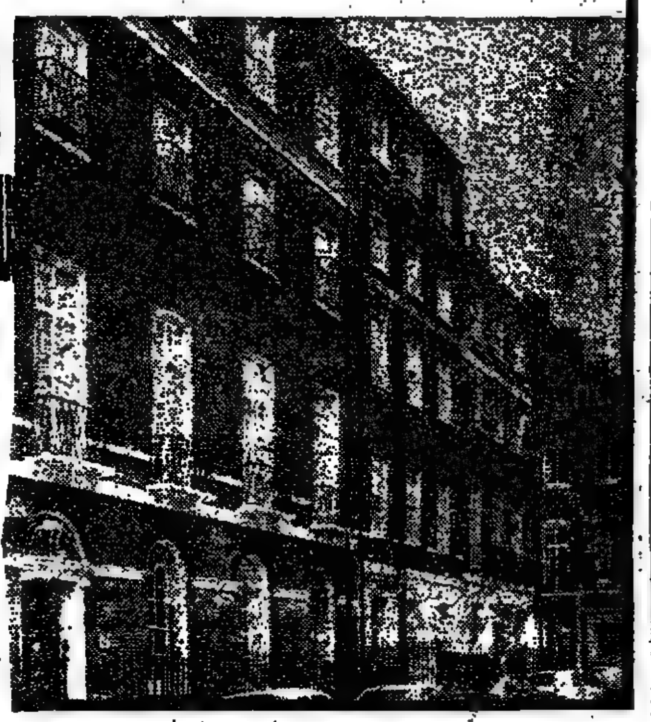
10 Chesterfield Street Mayfair London W1
Two Magnificent Headquarter Office Buildings

TO LET

Together or Separately

Chesterfield Street 4340 sq.ft. (403.2m²)
Chesterfield Street 8160 sq.ft. (758.1m²)
TOTAL Net Floor Area 12,500 sq.ft. (1161.3m²)

Portman Estates
19 Hanover Square
London W1A 1DU
Tel 01 409 3100



42, Upper Grosvenor Street, Mayfair W.1.

DESIGNED FOR OWNER OCCUPATION

Beautifully finished and fully carpeted Office Building. 2 Self-Contained Flats in 42 Reeves Mews.

10,775 sq. ft. plus garages

IMMEDIATELY AVAILABLE
NEW LIFT AND CENTRAL HEATING SYSTEM

Sole Agents
Farnis Bird & Partners
48 Hertford Street, London W1Y 7TF

01-491 2959

EUROPEAN LAND INVESTMENTS LIMITED
International Land Investments Group

Industrial Estate

KNUTSFORD, SOUTH MANCHESTER

- Serviced plots for sale or lease
- Buildings for sale or lease
- Advance units available shortly
- Good motorway access
- Attractive environment
- Good labour supply
- Intermediate development area status

W.T. Gunson & Son.
Dennis House Marsden St
Manchester M2 1HU
061-833 9797

King & Co.
Television House,
Mount Street,
Manchester M2 5NT
Tel: 061-832 4865

SOUTHWARK

Adjacent Borough Underground

Modernised Offices

TO LET

3,455 - 3,665 or 7,120 sq. ft.

Joint Sole Agents

ROBERT CUTTS & CO.
64 Cannon Street,
London EC4N 6AD
Tel. 01-236 4606

George Knight & Partners
61 Carey Street,
London WC2A 2JG
Tel. 01-242 1131

INDUSTRIAL SITES

For Sale Freehold

LEIGHTON BUZZARD, BEDS.

(Close M1)

Unique opportunity to acquire Industrial Sites

FROM 1 TO 15 ACRES

LEOPOLD FARMER & SONS
15 JOHN STREET
LONDON WC1N 2EB
Telephone 01-404 5871

Stephenson Way Euston NW1

Office and commercial building, completely refurbished with lift, C.H., carpeting

17,600 sq. ft. to let at only £3.70 per sq. ft.

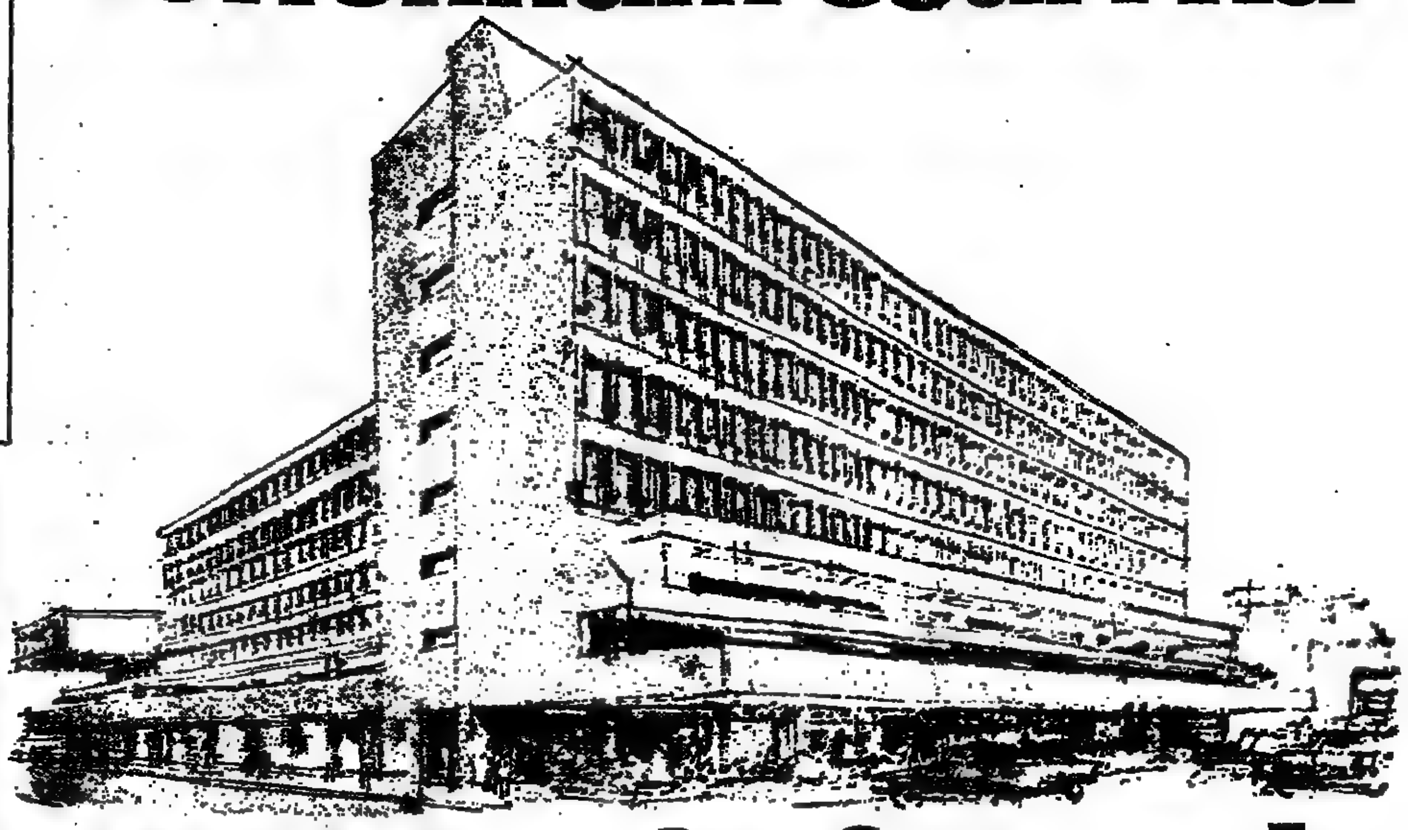
Sole Agents
DE & J LEVY Property Consultants
Estate House,
130 Jermyn Street,
London SW1Y 4UL
01-930 1070

Victoria SW1

Modernised Offices
6,500/13,850 sq. ft.
To Let

Vigers
4 FREDERICK'S PLACE
LONDON EC2R 8DA
01-606 7601

To let in Tottenham Court Rd



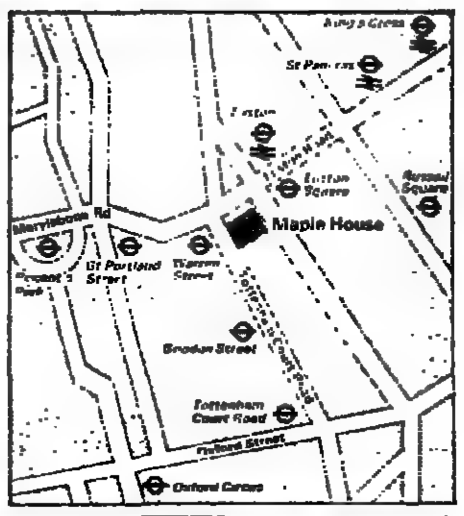
97,000 sq ft of superb office space in the new Maple House

Situated in the heart of London, this fine building, nearing completion, features:

★ Eight floors ★ Full air-conditioning
★ Double glazing ★ Self-regulating lifts
★ Full carpeting ★ Extensive basement car park
★ Exceptional accessibility

For further details of the space available contact the sole letting agents—Matthews and Goodman.

MATTHEWS GOODMAN
MALVERN HOUSE, 72 UPPER THAMES STREET, LONDON EC4R 3UA.
Telephone 01-248 3200



Camberley, Surrey

YORK TOWN INDUSTRIAL ESTATE

Factory Premises 128,600 sq. ft. To be Let

First class Office Accommodation.
Full central heating throughout.
Good access and loading facilities.
Over 300 car parking spaces.
Approx. 15 miles from Heathrow.

Richard Ellis
Chartered Surveyors
6/10 Bruton Street, London W1X 8DU
Tel: 01-499 7151

John German & Son
66 Grosvenor Street, London W1X 9DB
Tel: 01-493 4974

28/31 ESSEX STREET WC2

NEW OFFICES 20,650 Sq. Ft.

IDEAL HQ BUILDING FOR CITY BANK OR INTERNATIONAL COMPANY - READY NOW.

This carefully designed air conditioned office building which features a penthouse suite and basement car park for six vehicles, lies between the busy parallels of the Strand and Victoria Embankment.

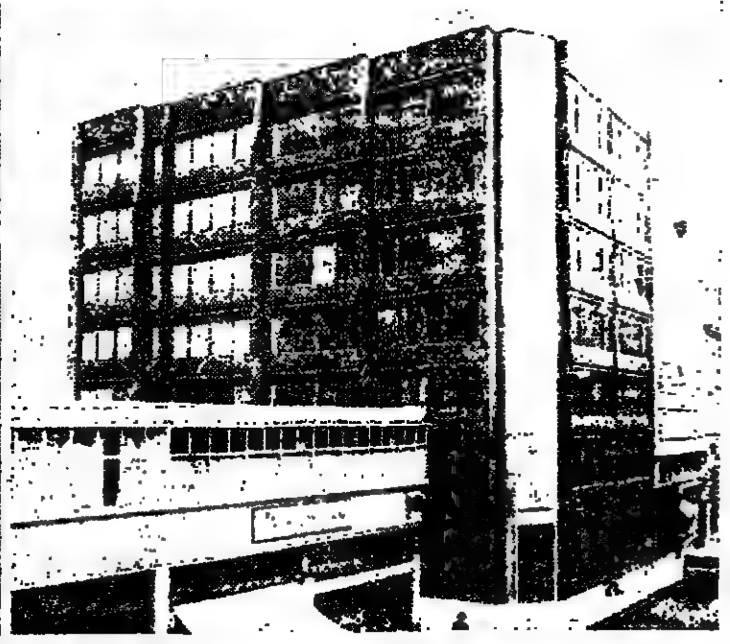
Ending in an impressive archway, Essex Street maintains a dignified privacy.

It has a long and fascinating history dating back to 1682. Designed to blend with the existing property 28-31 Essex Street provides all the amenities modern business demands.

The property is for immediate possession and all enquiries should be made to the Sole Letting Agents,

MELLERSH & HARDING
CHARTERED SURVEYORS
43 St. James's Place London SW1A 1PA Telephone 01-493 6141

Our New Office Building for your old Office Problem



120 Fenchurch Street, London EC3

Self-contained building to be let, comprising **40,000 sq. ft.** approx.

Adjacent to Lloyds. Offering air conditioned Office and Banking Accommodation (suitable for multi occupancy). Now available.

For current terms contact joint agents:

Richard Ellis
Chartered Surveyors
64 Cornhill, London EC3V 3PS
Tel: 01-283 3090

Hampton & Sons
Surveyors, Auctioneers, Valuers and Estate Agents
9 Dowgate Hill, London EC4R 2SU
Tel: 01-236 7831

RELOCATION/EXPANSION?
Try LINCOLNSHIRE

Where else can you find leasehold manufacturing premises in a town centre with 1500 sq. ft. net working space at not more than £1,150 p.a. for a 7 year term? Fittings and equipment of former Lingerie Manufacturing business £2,500.

Full details from:
EARL & LAWRENCE, F.R.I.C.S.,
55 Northgate, Sleaford, Lincs.
Tel: 2946. Ref: S.75/739.

LIGHT INDUSTRIAL PREMISES

S.W.18. Approx. **15,000 sq. ft.**
FREEHOLD FOR SALE (mortgage available) OR TO LET

E.C.1. Approx. **12,000 sq. ft.** (will divide)
Modern multi storey building. Lift, C.H., Car Park. TO LET.

BARNETT BAKER & CO
5 HANOVER SQ.
LONDON W1
01 493 6128

Basingstoke

14,000 sq. ft OFFICES UNDER £3·50 per sq ft

Healey & Baker
29 St George Street, Hanover Square, London W1A 3BG 01-629 9292
ASSOCIATED OFFICES JERSEY, PARIS, BRUSSELS & AMSTERDAM

Anthony Brown and Partners
Chartered Surveyors
35 Sackville Street
London W1X 1DB
Telephone 01-437 0035

FACTORIES AND WAREHOUSES

SHOPS & OFFICES

PROPERTY FOR SALE

PROPERTY TO LET

BUILDING LAND AND SITES

WANTED

INDUSTRIAL AND BUSINESS PROPERTY ALSO APPEARS TO-DAY

ON PAGE 8

PROPERTY APPOINTMENTS

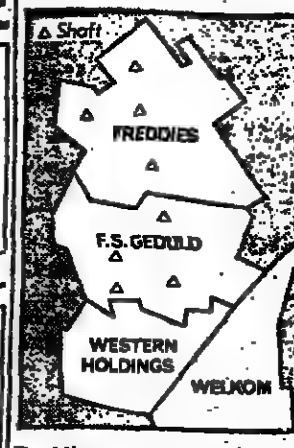
MINING NEWS

FSG-Freddies merger plan

BY KENNETH MARSTON, MINING EDITOR

THE Anglo American Corporation group's South African gold-producing Free State Geduld proposes fully to acquire its half-owned northern neighbour in the Orange Free State gold field, Freddies Consolidated. Payment to Western Holdings, which owns the remaining half of Freddies, will be in the form of FSG shares.

The reason for the amalgamation of the two mining properties is, simply, that two can live more cheaply than one. It is pointed out that investigations of the potential of the areas lying to the north and south of the western section of the boundary between



Freddies and FSG could lead to the sinking of a shaft to serve those areas.

A combined mining operation would mean a major saving in the eventual number of highly expensive new shafts needed to service these areas; it is reckoned that ultimately a series of three shafts will be required as compared with five shafts if the two mines were to proceed as independent operational units.

Preliminary work has been set in train for the sinking of the first major shaft to be sited in the vicinity of the western section of the common boundary. The proposals are subject to the approval of South Africa's Minister of Mines and to the capital of FSG being increased. Shares of the latter were £21 yesterday.

Clouds over Fraser Island

FOLLOWING the report in this column yesterday that the Murphyores-Dillingham Corporation partnership had failed to win an injunction preventing presentation of an interim report on the environmental inquiry into their beach sand mining venture on Fraser Island off the coast of Queensland, comes news that the report has now been handed to Australia's Ministry of the Environment and that it takes a hard line against the continuation of the companies' operation.

The environmental commissioners say that they have presented the interim report now as fresh approval will soon be needed for the venture which was initially given a 12-month go-ahead. They come out strongly against the partnership being given "blanket" approval of either an executive or administrative nature pending completion of their full report.

The commissioners say that current operations are damaging the natural environment of the island and that protection measures in the mining lease are inadequate.

The Murphyores-Dillingham rutile and zircon project is Australia's largest such venture and is being geared up to an output of 32,500 tonnes a year worth around $20m. (£12.45m.) at current prices. The partnership has already obtained contracts worth $43m. (£26.77m.). Murphyores were 50p in London yesterday.

SAVAGE IRON: NO PRICE RISE

Japan's steel industry buyers of Australian iron ore have turned down a request for a substantial rise in prices to be paid for the iron ore pellets shipped to them by Tasmania's Savage River operation. This is controlled by America's Pickands Mather, representatives of which hope to return to Japan shortly for another round of discussions.

At present Japan is importing more than 2m. tonnes of Savage River pellets annually on a 20-year contract which started in 1968. It is reported that the Savage River representatives had sought a rise in price from U.S. 31.1 cents per centum iron content for the 67.5 per cent. iron content pellets to about 40 cents, or the levels at which they sell to West European customers.

The Japanese buyers, which include Nippon Steel and Sumitomo Metal Industries, are reported to have cited a slump in demand for steel products as the reason for their refusal to pay more. But both buyers and producers are understood to have discussed other ways in which to help the mining operators tide over financial difficulties, answers which could include the extension of loans.

Randfontein sees a £74m. expansion

SURPRISE NEWS in the Johannesburg Consolidated group's gold-mining dividend announcements is that instead of making a return to the list after a five-year absence, Randfontein has decided to wait for a while longer. The reason is that in view of "the present outlook for gold and uranium prices" a big expansion programme is to be launched.

This will involve the reopening of the old Randfontein (predominantly uranium) mine, completion of the new No. 2 shaft system at the young Cooke mine and the installation of an integrated gold and uranium beneficiation plant.

These developments together with existing commitments could require capital spending of some R130m. (£74.1m.) over the period 1976 to 1979 and would give the mine a capacity of 250,000 tons of ore milled per month. During the past quarter Randfontein's milling rate equalled 78,000 tonnes per month. The company adds, however, that the big new programme will depend on suitable sales contracts for uranium being obtained and on the raising of the necessary loan finance.

Another surprise is that no interim dividends are being declared at the moment by "Johnnies" and Free State Development and Investment. In each case, the reason given is that South African tax considerations have made it desirable to defer declaration of the respective interims until early in January next year.

However, the group's gold-producing Western Areas has far exceeded expectations with a final dividend of 32 cents (18.2p) to make a year's total of 52 cents (29.6p) compared with 70 cents for 1974. The holding company, Elsburg is declaring a final of 20.8 cents (11.8p) to make a 1975 total of 33.8 cents (19.3p) against 45.5 cents for last year. The group's latest dividend news was not known in share market hours yesterday.

MINING BRIEFS

ANGLO AMERICAN CORPORATION—Coal division sales outputs for November (figures in tonnes): South Africa—Bituminous: Amalgamated Collieries of SA 308,540; Anglo Power 377,306; Bleshok 37,130; Coronation 143,182; New Largo 96,448; South African Coal Estates (Witbank) 144,571; Springbok 157,578; Vierfontein 89,221; Vryheid 58,376. Coke: 30,781. Zuinguin Natal's Indumeni Colliery (coking coal) 30,573. Anthracitic: Natal Anthracite 29,768; Balgray 18,044. Rhodesia—Wankie 257,612. Coke 13,210. Swaziland—Swaziland Mpaka Mine 10,282. Botswana—Morupule 9,494. Total Group output 2,180,078 (October 2,341,821).

SAINT PIRAN—November output of Tin contained in concentrates 134 tonnes (October 146).

PAHANG CONSOLIDATED—November, tin concentrates produced 152 tonnes, tin concentrates sold 205 tonnes (October 162 and 283 respectively).

KILLINGHALL TIN—November output 361 tonnes (October 57 tonnes).

BANK RETURN

—	Wednesday Dec. 3 1975	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	25,036,488	+ 8,774,484
Special Deposits	997,706,000	—
Bankers	319,736,837	+ 84,446,230
Reserves & Other Accs.	421,808,732	+ 57,810,096
	1,767,839,817	+ 125,030,739
ASSETS		
Govt. Securities	1,395,421,533	+ 146,335,000
Advances & Other Accs.	259,341,020	— 28,774,217
Premises, Equip't & other Secs.	83,716,106	+ 49,296
Notes	29,125,304	+ 7,439,878
Coin	235,854	— 19,217
	1,767,839,817	+ 125,030,739
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,025,000,000	+ 75,000,000
In Circulation	5,995,871,696	+ 67,560,122
In Bank's Dept.	29,128,304	+ 7,439,876
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	5,282,318,111	+ 37,491,580
Other Securities	731,666,789	+ 37,508,420
	6,025,000,000	+ 75,000,000

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Some recovery from recent setback

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec 4.

THE RECENT FALL was halted on Wall Street to-day, following some bargain hunting encouraged by the report that the November Wholesale Price Index was unchanged from the previous month. Farm prices fell sharply.

The Dow Jones Industrial Average rallied 3.62 to 829.11 and the NYSE All Common Index regained 10 cents to $46.35, although declines still outpaced advances by 718-to-643. Trading volume droped 4.94m. shares to 16.38m., with selling pressure of the last few days drying up for the moment.

Brokers also reported interest in progress toward Senate approval and final passage of a Bill providing Federal aid to help avert a New Yorfk City default.

In other news, an agreement was reached averting a nationwide rail strike.

Copper Range, however, dropped $2¼ to $18¾—a Federal Court has issued a Final Judgment enjoining its proposed merger into Amax.

Kaiser Aluminium were off $1¼ to $24¾—it expects fourth quarter earnings to be higher than the third quarte's 37 cents per share but sees a loss from aluminium operations.

G. D. Searle dipped $¾ to $14¼—the FDA suspended permission for Searle to market its synthetic sweetener "Aspartame."

Gulf and Western picked up $¾ to $20¾ on higher first quarter net.

Getty Oil gained $3¼ to $156. National Semiconductor $1¼ to $37. Longs Drug Stores $1¾ to $37. Skaggs $1¼ to $30¾ and Standard Oil (Indiana) $1¼ to $41¾.

Revco D. S. gave way $2¼ to $33¾. Celanese $1¼ to $40, and Bankers Trust $1 to $27¾.

Polaroid tacked on $¾ to $33¾ and Xerox moved up $2¼ to $49¾.

The American SE Market Value Index was up 0.04 to 82.77, but declines led advances by 345 to 245.

Buttes Gas and Oil rose $2¾ to $19¼ and Juniper Petroleum were $1 higher at $4¼.

OTHER MARKETS

Canada rallies

Canadian Stock Markets also staged a mild rally in light trading yesterday.

The Industrial Share Index put on 0.11 to 173.45, Golds 3.21 to 245.54, Base Metal s0.26 to 72.08, Western Oils 0.18 to 199.59 and Papers 0.21 to 95.91. But Utilities lost 0.22 to 125.31 and Banks shed 0.17 to 231.95.

Dome Mines rose $¾ to $33¾ and Giant Yellowknife Mines were up $¾ to $6¼.

Falconbridge Nickel gained $1 to $29¾, Bow Valley Industries $¾ to $15¾ and Dome Petroleum $¾ to $36.

PARIS—French stocks ended generally easier in moderate trading despite an Official survey indicating that French Industrial Production was on the increase.

Apart from Stores and Motors, which were mixed, all other sectors lost ground.

The Foreign sector was irregular. Americans and Germans fell back. Dutch shares finished mixed, International Oils lower.

Golds were the best-traded sector, with notable gains seen in Buffelsfontain and President Brand, but Western Deep moved the other way.

BRUSSELS—Mixed to lower in calm trading.

Steels and Metals irregular, Electricals and Utilities weak. Chemicals lower. Holdings mixed, Oils generally lower.

U.S stocks continued their downtrend. South African Gold Mines higher. Dutch shares declined, modest losses registered in French and German sectors.

AMSTERDAM—Shares eased on profit-taking.

Dutch Internationals declined, with Philips off Fls.0.10 to 27.4 ahead of an extraordinary shareholders meeting. Hoogovens fell Fls. 1.10 to 35.4—parent company Estel said it may pay a dividend this year from reserves.

VMF shed Fls.1 to 178, despite a higher 1975 order book.

Insurances were resistant.

State Loans were little changed.

GERMANY — Most sectors slightly lower, with operators cautious ahead of the Bundesbank's fortnightly Central Council meeting, at which credit policies were later held unchanged.

Banks and Motors were maintained. Metals little changed, while most Chemicals, Electricals and Engineerings closed lower.

AEG dipped DM1.6 to 89.6 after being heavily traded on rumours it will report of loss of DM300m. to DM400m. for 1975. It plans to hold its annual Press conference early on December 8.

Bonds were quietly firm, with the Authorities selling DM2m. nominal of stock. Mark Foreign Loans were mixed.

OSLO—Banks, Insurances and Shippings were quiet, with Industrials unsteady.

VIENNA—Narrow movements.

COPENHAGEN—Mixed, with a majority of declines. Banks were higher. Communications lower, Commodities mixed.

SWITZERLAND — Generally weaker in moderate trading, influenced by the overnight Wall Street setback.

Leading Banks weakened markedly. Financials were mixed. Insurances barely maintained, while Industrials were narrowly irregular.

State Bonds steady.

Dollar stocks declined over a broad front. Dutch Internationals drifted lower. German equities easier.

MILAN—Mixed after a session shortened by a General Strike called by Unions in the Milan area to protest liquidation of the Leyland-Innocenti car maker.

HONG KONG — Lower in sluggish trading.

Hong Kong Bank were down 10 cents to SHK17.30. Hong Kong Land 10 cents to SHK6.20, Jardine 20 cents to SHK21.70 and Hong Kong and Kowloon Wharf 10 cents to SHK11.80.

TOKYO—Lower, with Blue Chips leading the fall. Volume 200m. (230m.) shares.

Rumours that Nippon Eternit Pipe, down Y41 to Y138, is having financial difficulty contributed in part to the bearish trading.

Electricals were sharply lower, with Sony losing Y110 to Y2,430 and Pioneer Y30 to Y1560.

Motors, Industrial Plants, Chemicals, Foods, Pharmaceuticals, Communications and Shippings all eased on liquidations.

Kyoto Ceramic, however, firmed Y20 to Y3,880 on reports it will offer 2m. Common shares in the form of American Depositary Receipts.

Constructions also were slightly higher.

JOHANNESBURG—Gold shares were marginally firmer in quiet trading.

Copper Producer Messina were up 5 cents to R320.

Industrials were fractionally off.

AUSTRALIA—Generally firm although late selling took some leading Industrials and Minings lower.

Poseidon rose 10 cents to SA1.75, Utah moved up 10 cents to SA9.90.

Gollin gained another 3 cents to 22 cents in a heavy turnover. Woodside Burmah rose 6 cents to a year's high of SA1.22.

Philip Morris put on 10 cents to a peak of SA9.20. CSR further improved 12 cents to SA4.32 and Lend Lease advanced 10 cents to SA2.75.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Trans-port	Indus.	Util.	Trading volumes 000's
Dec. 4	67.37	164.90	829.11	80.41	16,380
3	67.32	163.28	825.49	81.03	21,320
2	67.36	167.23	846.20	82.66	11,330
1	67.51	170.49	856.64	82.89	16,000
Nov. 28	68.64	164.23	860.67	83.27	12,570
26	67.65	169.00	856.55	83.17	19,720
25	67.70	168.44	855.40	83.00	17,490
24	66.07	167.35	849.64	82.39	15,950
21	67.59	170.90	840.76	82.66	14,110
20	67.66	171.15	843.51	82.88	16,400
19	66.70	172.05	848.24	82.69	16,620
18	67.55	174.45	855.24	83.51	20,760
17	67.55	174.57	856.66	83.62	17,060
14	66.75	175.45	856.61	84.06	16,460
13	66.75	173.42	851.25	83.40	20,070
12	66.56	173.22	852.20	83.02	25,360
11	67.51	170.05	852.55	82.57	14,640
1975 High	69.92	174.45	881.81	87.07	—
Low	66.16	146.47	632.04	72.02	—
All-time High	—	279.88	1051.70	163.32	—
Low	—	13.23	41.22	10.58	—

Exclusive bonds.

IND. DIVIDEND YIELD p.c.

Nov. 21	Nov. 17	Nov. 22 1974
4.49	4.45	6.16

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1975 High	1975 Low	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 28
51.24	37.06	46.35	46.25	47.22	47.96	48.24

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,847	643	718	486

AMERICAN SE MARKET VALUE INDEX

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Dec. 4	98.67	87.84
3	98.24	87.60
2	99.98	89.22
1	101.57	89.67
Nov. 28	102.19	91.24
26	101.83	90.94
25	101.77	90.71
24	100.40	89.76
21	100.22	89.53
20	100.38	89.64
1975 High	107.40	96.91
1975 Low	77.71	70.04

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Dec. 3 1975	Nov. 26 1975	Dec. 4 1974
Ind. div. yield p.c.	3.94	3.89	5.02
Ind. Ord. p/e ratio	12.09	11.97	9.78
Long-term Govt. Bds. per cent.	8.09	8.10	8.50

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Searle, G. D.	235,800	14¼	−¾
Polaroid	177,800	33¾	+¾
Xerox	154,000	49¾	+2¼
Southern Co.	119,500	13¾	−¼
Colgate-Palmolive	118,800	27¼	−¾
Norton Simon	115,000	21	—
Dow Chemical	109,700	85¾	+¾
Eastman Kodak	108,000	106¾	−¾
Schering-Plough	106,200	54	−¾
Texaco	105,600	23¾	+¾

TORONTO

INDUSTRIAL INDEX

MONTREAL

INDUSTRIAL INDEX

COMBINED INDEX

JOHANNESBURG

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Dec. 4	Nov. 27	Nov. 21
On Dividends	5.92	6.34	6.49
On Earnings	9.48	10.54	10.83

SYDNEY ALL ORD. INDEX

Dec. 4	Dec. 3	High 1975	Low 1975
440.37	439.09	448.37	289.48

TOKYO NEW SE INDEX

Base=100 January 4, 1968

Dec. 4	Dec. 3	High 1975	Low 1975
316.61	317.99	[illegible]	268.24

HONG KONG INDEX

Dec. 4	Dec. 3	High 1975	Low 1975
316.49	318.54	341.57	150.42

SINGAPORE INDEX §

Dec. 3	Dec. 2	High 1975	Low 1975
227.58	226.35	266.69	155.38

EUROPE

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—114¼% (113¼%)

NEW YORK

CANADA

GERMANY

Dec. 4	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	89.6	−1.6	—	—
Allianz Versich.	467	−6	17	1.8
B.M.W.	255	−0.5	18	2.0
BASF	149.7	−1.3	17	—
Bayer	126.1	−0.9	17	6.3
Bayer Hypo	331	−1	18	2.7
Bayer Vereinsbk	347	−1.5	18	2.4
Commerzbank	214.8		18	4.2
Conti. Gummi	83	−0.2	—	—
Daimler	347	−2	15	2.2
Degussa	249		18	3.6

MILAN

PARIS

BRUSSELS/LUXEMBOURG

AMSTERDAM

COPENHAGEN

VIENNA

SWITZERLAND

AUSTRALIA

TOKYO

STOCKHOLM

OSLO

JOHANNESBURG

SPAIN

£ improves

Sterling continued to benefit from the general easing of the U.S. dollar in the foreign exchange market yesterday and the pound gained ground in terms of the dollar and against major currencies in general. There was a good commercial demand for sterling also, possibly in anticipation of the payment of oil royalties.

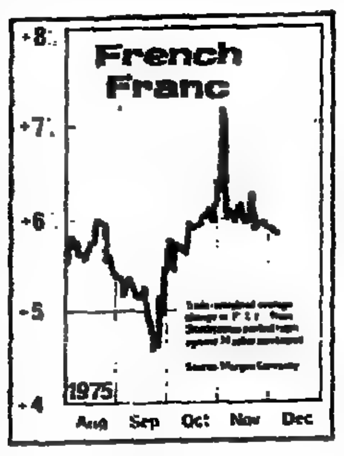
The U.S. unit showed little overall change against most major currencies, but the unit's weakness against the Swiss franc may have prompted some support for the dollar by the Swiss authorities. Renewed unrest over the financial situation in New York and indications of a slower than expected recovery by the U.S. economy had a depressing effect on the dollar.

The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 30 per cent., from 30.1 per cent., after standing at 30 per cent. at noon and 30.1 per cent. in early dealings.

Sterling opened at $2.0245-$2.0255, its lowest level of the day and improved to $2.0270-2.0280 fairly quickly. At the close the pound was at its firmest level at $2.0290-2.0300, a gain of 45 points on the day.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York on noon rates, widened to 2.06 per cent. from 1.98 per cent.

Gold lost $¾ to close at $138¾-139¼, and trading was described as very dull. The krugerrand finished at $142¾-144¼ (£70¼-71¼) for domestic delivery and the coin's premium over its gold content widened to 3.24 per cent. from 2.87 per cent. in the domestic market, and to 2.88 per cent. from 2.69 per cent. in international dealings.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to—	Dec. 4	Dec. 3
Sterling	0.578843	0.580517
U.S. dollar	1.17537	1.17505
Belgian franc	46.1897	46.1478
Deutsche mark	3.06625	3.06401
French franc	5.21592	5.21010
Italian lira	799.916	799.961
Japanese yen	357.761	357.780
Dutch guilder	3.14287	3.13850
Swedish krona	5.16224	5.16318

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

EURO-CURRENCY INTEREST RATES

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

FINANCIAL TIMES SURVEY
Friday December 5 1975

POLAND

Few countries in either East or West have undergone such a profound transformation as Poland in the last five years. The workers' riots of 1970 swept to power a vigorous administration which has modernised the economy and brought a rapid rise in living standards. But as the leadership prepares for the five-yearly Party Congress on Monday, it faces some unpleasant decisions about how to right the severe imbalances in domestic economy and foreign trade that have been the price for progress.

Iaking ie 'orker appy

..TLY five years ago. Pol- vas in turmoil. With aston- g insensitivity, the Govern- had put up consumer just before Christmas, a population frustrated years of uninspiring and isted leadership took to treets in fury.

at happened next has be- part of East European re. After several days of y and destructive riots, arty leader Mr. Wladislaw lka was thrown out, the rises cancelled, and Pol- mbarked with new leaders course of revitalisation, the if which has seldom been in East or West.

would be hard to overplay moment in Poland's post- history, so profoundly has ffected everything from ling to foreign trade—the r is where most Westerners have noticed it. Policies and statistics all use it as their base; "before 1970" and "after 1970" is on every official's lips; every private consumer's too.

In fact "Poland 1970" still re-echoes round the whole of East Europe as a reminder that people will only put up with so much, and it may in retrospect turn out to have been a big moment for Comecon as a whole.

Under the technocratic but concerned leadership of Mr. Edward Gierek, the 63-year-old former miner who took over from Mr. Gomulka, Poland to-day is a vastly different country from the one that rose up in despair that chilly week-end in December. Political and economic tensions remain but gone is the feeling that the Government only dishes out the economy's left-overs to the people. Gone too is the cringing notion that Poland has no business being ambitious.

Instead, the Government has begun to flex the muscles of a country with 34m. people, the second largest in Comecon, and given it challenging targets which could transform it into one of Europe's major economic powers.

Ordinary Poles are noticing the difference. In five years wages have gone up 40 per cent., an unimaginable rise compared to what was permitted before, and the shops have gradually become better stocked, with goods to meet the rising tide of demand. And though the Polish worker is seldom contented (which makes the popular mood hard to assess) he can be said to be preparing for a good Christmas under a leadership that has leant backwards, some might even say too far, to make him happy.

Poland still lags behind neighbouring Czechoslovakia and the GDR (East Germany) in living standards. Many Poles live in ancient and grimy houses, meat is often short, and even people with money have to wait several years to buy a car. But as regards the overall quality of life, Poland makes it up in other ways.

Preferential

The greater self-confidence of the Polish system has produced some of the freest travel and information policies in the Soviet bloc. It is rare in the big cities to meet a person who has not been to the West, probably for several months, to work and buy a car. The few who fail to come back are more than compensated for, in the Government's eyes, by the thousands of emigres who return to end their days in Poland attracted, no doubt, by the promise of preferential treatment, but also by the country's growing reputation as a civilised place to live in.

Foreign newspapers and magazines are also widely available in reading rooms and, to a lesser extent, in the shops. But the Polish Press itself is marginally broader in scope and less ideologically obsessed than others in East Europe, and Poles stand a better chance of being honestly informed than a Czech or an East German.

Furthermore, the Poles' twice-demonstrated refusal to tolerate leaders they do not like (the first time was in 1956) has earned them more respectful treatment from the Government than is normal in a one-party system. The leadership is firmly pledged to consult the people and has lived up to this with regular meet-the-worker sessions. The fact that the party has chosen to by-pass Parliament, the "official" channel for public opinion, in this way, may be a sign of its sincerity.

Quite what these sessions reveal about the public mood is hard to judge because they take place behind closed doors and are only reported in edited versions. But judging by recent reports, workers are not afraid to complain and ask probing questions. Privately, Poles can be unnervingly frank about their political views, and one seldom spends a fruitless evening in Warsaw company.

Progress has also been made towards solving one of the country's most intractable problems; the Church. Relations have been patched up with the Vatican and a live-and-let-live attitude adopted towards the internal Church. But it is an uneasy truce. Cardinal Wyszinski still delivers fiery sermons from his Warsaw pulpit, and the party is still intent on gradually discouraging religious instruction. Nevertheless, millions of Poles remain practising Catholics, and churches are built and restored.

In foreign policy Poland has been careful to balance its internal changes with a solidification of its relations with the Soviet Union. In fact its role as Warsaw Pact member has become more active with the leading part assigned to it in East-West negotiations like the CSCE and the MBFR.

In the West its more outgoing policies, particularly in trade, have won it new friends, and Mr. Gierek is now one of East Europe's most widely travelled leaders. But the Polish leadership still looks uneasily on West Germany where it detects signs of resurgent militarism, and it recently drove a shabby bargain exchanging emigration rights for thousands of ethnic Germans for hard cash.

It is important to stress the achievements of Mr. Gierek's administration, even at the risk of presenting Poland in too rosy a light, because the gains have been real and, as an example of Socialist economics and politics in action, interesting.

But there is also the danger that the Poles' own ingratitude towards their leaders will erode the gains, especially since the Mr. Gierek's honeymoon is now well and truly over. Disillusionment with the cultural poverty of his technocratic ways is also growing (a theme discussed more fully in a later article), and pressing economic problems have switched the spotlight sharply to his policy failings.

The focus for the rising mood of restlessness and uncertainty is next week's party congress, the first since 1971, which will be used to take stock of the present situation and point the way forward. And it finds Mr. Gierek in something of a dilemma.

Much of what he has achieved in the last five years has only been possible because he deliberately ignored the cost in terms of a swelling foreign debt and a growing gap between wages and productivity. And to sustain a buoyant popular mood he twice delayed unpleasant decisions about prices which means that basic commodities have been frozen for five years and have lost all relation to earnings.

Productivity

There are now strong arguments for taking stern measures to restore balance to the internal economy and foreign trade. But careful as Mr. Gierek has been to explain Poland's economic predicament to the workers, he will find it hard to impose unpopular measures which would exacerbate the popular mood and probably lead to a decline in productivity too.

In a sense, he has himself to blame for spoiling the Polish worker with over-generous policies and devaluing any further concessions he might still be able to make to restimulate the labour enthusiasm.

But he would argue in reply that the only way to heave Poland out of stagnation was for the party to reward the workers first, as a pledge of good intention, and expect them to respond with harder work. A naive view, perhaps, but like the partner in an unrequited love affair, the party now complains that workers have failed to keep their side of the bargain. And though signs of a whip-cracking attitude are growing, the party cannot take this too far for fear of alienating the workers completely.

Some gloomy predictions are now being made about Poland's short-term future, particularly in the West, where its productive abilities and export potential are questioned. And it is true that the country is heading for less rosy times, something that even the party's congress guidelines admit in lower projections for industrial output and wages.

But this is to ignore the qualitative changes that the country has undergone in five years. The economy has been fundamentally expanded, and re-equipped for a major export effort, while individual Poles have learnt that something is to be achieved by effort after all.

Moreover, Poland's failure to carry through such a momentous change in course could affect East European thinking as profoundly as 1970 did. What future East European leader would take the risk of driving his country deep into debt to benefit the individual if Mr. Gierek's exercise comes unstuck because the individual will not respond? Not that Poland need be heading for such a dramatic denouement to its present troubles, because Comecon, like anywhere else, relies a lot on muddling through. But attentive eyes will be turned in its direction from both East and West in the coming months.

David Lascelles
East Europe Correspondent

BASIC STATISTICS	
AREA	120,725 square miles
POPULATION	34.2m.
GNP (1974)	$60.8bn. (est.)
GNP per capita	$1,800 (est.)
TRADE (1974)	
Imports	34.8bn. zlotys
Exports	27.6bn. zlotys
Imports from U.K.	£138.7m.
Exports to U.K.	£110.2m.
CURRENCY	
£1=40 zlotys (66.4 tourist rate)	

Poland's economy is enjoying something of a boom, with industrial investment, output and exports rising steadily. For the Poles this is bringing greatly improved living standards, and a fresh confidence in the future.

The economy

"YOU'VE never had it so good" Mr. Edward Gierek might well have declared at his pre-Congress meetings with the workers up and down the country. And though Poles like a good grumble, the fair-minded must agree. In five years they have become richer, better fed, clothed and housed, and more abundantly supplied with everything from Coca Cola to cars than they would have dreamed possible in 1970.

The economy, too, has never had it so good. With total investments nearly doubling during the five year plan and far exceeding targets, the industrial sector is now in high gear, widely modernised and backed by strong material resources. Even agriculture, traditionally weak, has been able to boost production by an unprecedented 5 per cent. annually despite two of the worst climatic years for a decade.

Touring Poland to-day one is struck by the array of new factories, many imported from the west, modern coal mines and shipyards with order books full till the 1980s. Towns buzz with Polish-made vehicles, new apartment blocks edge gradually out into the countryside, even motorways have put in an appearance.

Clearly Mr. Gierek was right to think that his country would surge forward given the chance and the backing of the people. But vital as it was to break out of the Gomulka rut, Mr. Gierek was taking a gamble.

To give Poland the strongest possible push, he deliberately ignored the cost, calculating that once the economy had achieved a certain momentum, it would start paying its bills automatically.

This turning point has now arrived. But Mr. Gierek may well be wondering whether the odds haven't shortened in the meantime. For on top of a foreign debt the equivalent of the whole of last year's exports he faces extra problems at home and abroad. The western recession has hit export prospects: his own decision to extend the 1971 price freeze has unbalanced the internal market; and Poland's hectic pace has proved too much for some parts of the economy like construction which have got left far behind.

Message

In short, Poland has reached a difficult moment.

The Party Guidelines, which in the absence of the Plan itself give the best idea of government intentions, do not phrase the problem quite so bluntly. But they contain the clear message that Poles will have to work harder and expect less during the next five years to eliminate what officials call "the tensions of the economy."

This, western observers will say, was to be expected. But the Poles insist that it is all part of a planned decade of growth, and that while the emphasis is now on exporting, domestic policies will not be neglected, but will settle down to more realistic levels.

The clearest sign of a slowdown in government spending, the key factor behind Poland's growth rate, is the figure for investment. Superficially it looks impressive with a promised rise of 40 per cent. over the expiring plan, but the actual annual sum spent in the next five years will be the same as that spent in 1975. In other words, investments have reached their peak, and though the government could overspend if it wished, it would only jeopardise the balance of payments once again.

As the table shows, key targets like production and wages are also to be brought down from their artificial and unhealthily high levels. Apart from taking the strain off the more hard-pressed quarters of the economy, a more leisurely pace will also help Poland complete projects it undertook at the height of the investment boom but could not finish for lack of materials and labour. A ban on new projects was recently imposed because of the losses that were being run up.

GUIDELINE TARGETS FOR 1976-80 PLAN

(figures in parentheses are for 1971-75)

Real incomes	18%	(40%)
Investments	40%	(90%)
National income	55%	(62%)
Industrial production	50%	(73%)
Agricultural production	16%	(27%)
Industrial productivity	45%	(48%)
Meat consumption per capita	80kg	(70kg)
Coal production	200m.+ tons	(172m.)

The Guidelines are, unfortunately, less specific about the touchy question of prices. One passage talks about the need for rationalisation of consumption patterns, implying that prices will be altered. But another says that pricing policy will be used to protect the growth in real incomes, implying price stability.

Economically, though, the issue is clear cut. The five-year freeze on basic prices has made certain items like meat, bread and rents ridiculously cheap compared to people's stronger purchasing power and this has put intolerable pressure on suppliers.

Perhaps worse, the freeze has killed off some of the market forces that shape the economy naturally. This at least is the view of the Finance Minister Mr. Henryk Kisiel who said he favoured a policy of "controlled inflation" because pricing policy could be a powerful instrument for stimulating efficiency and prodding the economy forward. So long as real wages went up, he said, it was not so important what happened to prices.

But the trade unions, in—by East European standards—a rare display of independence, disagree. According to the leading trade unionist, Mr. Eugeniusz Grochal, his organisation is pressing for extension of the freeze and is even conducting its own research into living standards to back its case.

A compelling argument in favour of the freeze is the widespread fear that a combination of wage and price rises will devalue the zloty. Most Poles have saved up enormous sums of money to get on waiting lists for cars and housing (which can be bought privately), and they would not welcome their nest-eggs being cut down overnight. The irony is that the government encouraged saving to mop up excess purchasing power.

Mr. Gierek has given no hint of what he proposes to do about prices. Instead he has concentrated on a less popular topic—the need for harder work.

"A considerable upswing in productivity will be needed if the rate of national income growth is to be achieved" is the warning contained in the Guidelines. And there are several reasons.

Polish industry is dogged by absenteeism and alcoholism. But, more worrying for management, the growing labour shortage has weakened the threat of the sack and greatly increased labour turnover, especially among the young. In the longer term, the problem is compounded by a foreseeable drop in the supply of new labour, meaning that the economy will have to produce more per worker just to stand still.

Comparison

In one of the few direct comparisons possible between East and West, it was found that Polish workers at the Fiat-built car plant produced 15 per cent. less in a month than Italians on an identical assembly line in Turin.

But the government recognises that the problem is deeper than poor discipline on the shop floor, or in the boardroom even, where managers have been accused of bad organisation and inefficiency. Experiments linking wages to output had some effect, but not enough because factories simply went in for extensive production.

Reforms are now being introduced linking wages to production sold, a system thought to guarantee greater regard for quality and the market. And to make enterprises more cost conscious following the sharp rise in Comecon prices factories will have to pay more for their supplies without increasing the price of their products.

This innovation, due for implementation in January, will add 25 per cent. to the cost of coal, 15 per cent. to steel, 25 per cent. to wood products, etc., and only factories in exceptional trouble will qualify for help.

At the same time the government is introducing a system of foreign trade tariffs with the aim of connecting the Polish economy more closely with the outside world. The present subsidy system, it is felt, coddles Polish industry and prevents it responding to international trends, something it must learn to do if Poland is to fulfil its ambition to play a bigger role in the world market.

On paper, the way forward looks clear. The Polish economy needs to make the most of its new equipment to improve efficiency and increase exports to pay off its debt, while at the same time sustaining workers' enthusiasm by enriching the home market with goods.

The reality looks more complicated. Will Mr. Gierek be able to hold back wages which are still rising 40 per cent. faster than productivity? Will efficiency go up now that spending on new machinery is to fall and more will be demanded from labour? And can Poland produce the best goods and promote them well enough to meet the high export target?

Within a year the answers to these questions should start appearing. If the results are disappointing, Mr. Gierek will be faced with some unpleasant decisions. But if they are promising, he will be able to claim credit for one of the most remarkable economic turnarounds Comecon has ever seen.

D.L.

Although Poland's foreign trade is understandably biased towards its Comecon partners, the West is also winning its share. For Britain this has led to increased exchanges and good potential.

Trade with U.K.

POLAND IS now Britain's 24th most important export market ahead of countries such as Austria or Hong Kong. In the past four years, sales to Poland have risen from £59.7m. in 1970 to £138.6m. in 1974, and imports have gone up from £63m. to £110.3m.

That trade with Poland should surpass that with an erstwhile EFTA partner such as Austria, or be close on the heels of ostensibly bigger markets like the Soviet Union, is a reflection both of Poland's recent massive purchasing programme in the West, and of the historical friendship that exists between the two countries. It is arguable that there is probably no country in Eastern Europe where goodwill towards Britain is still as tangible as in Poland.

Switched

This goodwill has traditionally been translated into trade. Even in 1950, Britain was supplying 9.5 per cent. of Poland's total imports and buying 8.4 per cent. of her exports. While the bulk of Poland's foreign trade has since switched to its Comecon partners, Britain was only supplanted as Poland's leading western supplier by West Germany in 1970. However, while exports have increased rapidly since 1970, Britain has slipped back into fourth place, after France and the U.S.

All these countries have been winning a big slice of Poland's purchases designed to boost export potential and enhance the standard of living. The two largest deals with Britain are a £155m. contract won by a consortium headed by Massey-Ferguson to rebuild the Ursus tractor plant, since enlarged by a further £33m. contract, and a £125m. deal won by Petrocarbon Developments for a PVC plant. An earlier deal with BP and Petrocarbon covered the building of a new oil port and refinery at Gdansk and there have been numerous other deals. Traditionally, Britain's exports are individual machines or equipment but other large contracts are also under negotiation including the development of coal at Lublin. The National Coal Board has signed a co-operation agreement with Poland and discussions on British participation will probably start next spring.

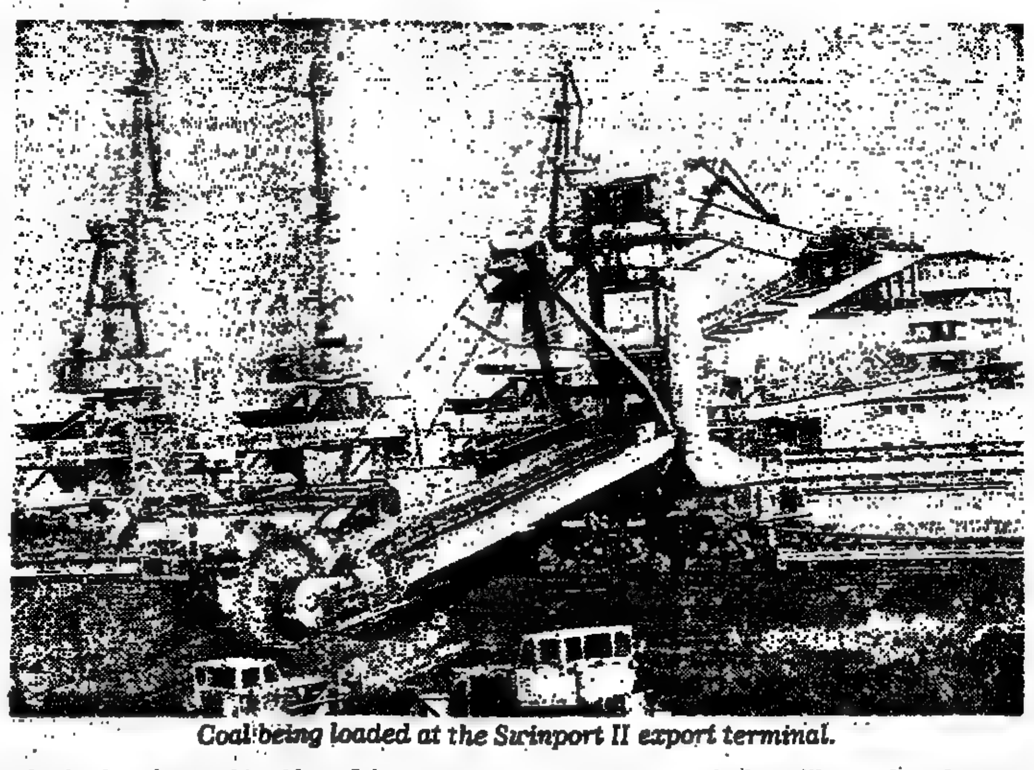
This trading effort has been reflected recently in a stepping-up of political links. This year has seen official visits to Warsaw by Mr. Peter Shore, Secretary of State for Trade, and Mr. James Callaghan, the Foreign Secretary, who signed a Treaty of Friendship—the first to be signed by Britain with an East European country. A ten-year inter governmental co-operation programme was signed in London in September by Mr. Peter Shore and his opposite number, the Polish Trade Minister, Mr. Jerzy Olszewski, which identifies future co-operation sectors.

However, this is not to claim that everything is going well in Anglo-Polish trade relations. Despite the large contracts, which have yet to show in the trade figures, Britain's position even as Poland's fourth leading Western supplier is being challenged by other countries such as Austria, Japan and Italy. According to the Poles, British industry has been slow to accept Poland's concept of industrial co-operation as the basis for increasing purchases from the West. Another problem has

CONTINUED ON NEXT PAGE

The key role assigned to foreign trade in the present administration's development programme has given Poland the reputation of a lavish spender. While the import bonanza may be past its peak, the fact remains that foreign trade—or the international division of labour—has become a permanent feature of the Polish economy.

Trade at centre stage



Coal being loaded at the Swinport II export terminal.

...ORE 1970, foreign trade ...ust a little something we ...n the side. To-day our ... economy is geared to ...n trade, and will stay that

... was how a Polish official ...ed up the dramatic ...e in his country's trade ...s over the past five years; ...ge that has turned Poland ...one of Comecon's most ...ive trade partners and ...ny Western countries, its ...ucrative.

... Polish bonanza was what ... called it. An exaggera... ...erhaps, but the key role ...ed to foreign trade in ...ierek's development pro... ...e certainly gave Poland ...eputation of a lavish ...r.

...ive years, trade's role in ...'s GNP rose fairly ..., and orientation shifted ... Westwards. In 1970, ... third of Poland's imports ... from outside Comecon. ...ear this figure had leapt ...per cent. Exports outside ...on, meanwhile, rose from ...r cent. of the total to ... cent. Altogether this ... Poland the most West-oriented country in Come... or the time being at any

... shift was a natural con... ...ice of the Gierek Govern... drive to modernise the ... economy as rapidly and ...as broad a front as pos... ...o make up for the lag of ...mulka period.

...he last five years Poland ...mported several billion ... worth of machinery, ...hing from complete ...al plants to fizzy drink ...nes. It has set up car and ...ctories, greatly expanded ...r production, and invested ...y in coal and copper, to ...t a few of the major im...reas.

...the consumer goods side, ...sums have gone into food ...ssing, textiles and house... ...items, as well as on im...g luxuries like whisky, ...ttes and toiletries that ... have been virtually un... of before.

...e of this purchasing—...h not as much as the Poles ... have liked—was done on ...peration basis with west... ...ompanies accepting part ...nt in production from ...quipment they supplied. ...oland also drew heavily ...stern credits, both govern... subsidised and commer... ...nd said it was willing to ... joint ventures if neces... But it never sounded too enthusiastic about this ideologically more sensitive form of co-operation.

Western businessmen flocked to Warsaw, packing the new hotels—also "imported" in the sense that materials and labour were brought in from abroad—and few came away disappointed. But there was always the nagging question of how long it would all last. Poland's resources were obviously limited, and this was clearly a once-for-all investment drive.

As things are now shaping up, the question looks wrongly phrased. True, investment targets are sharply down in the next Five Year Plan. But, as the official quoted above said, Poland's attitude towards trade is now fundamentally different. Economic contacts with abroad are to be a permanent feature of the economy and not a temporary expedient as before.

In other words, Poland wants to discourage the idea that its attainment of many investment targets means it is about to retreat from the market. Officials stress that they want to maintain a high rate of imports, but with the important condition that exports go up too.

This policy is dictated partly by the obvious benefit a country of Poland's size and structure can derive from greater participation in the international division of labour. But a more urgent consideraton is the large debt, put at some $6bn. accumulated over the last five years.

According to the plan guidelines, "A rapid growth in export is a task of paramount importance for the years 1976-1980"—strong language for this otherwise staid document. Amplifying this passage, Polish officials say that exports will have to grow by 16-18 per cent. a year and imports 10 per cent. to achieve a trade balance by 1980. And the overall role of trade in GNP is to go on increasing.

Foodstuffs

Poland is pinning its export hopes largely on raw materials, coal and lignite, sulphur and copper, and agricultural products like sugar, meat and other foodstuffs. But industry is also to play a bigger role, in particular shipbuilding and ship repair services, building equipment and the budding electronics industry.

Besides these activities, the factories bought on compensation deals will also come on stream and supply Western companies with products to work off loans and credits. An example is the Fiat-built car plant in Silesia which has recently begun shipping parts to Turin.

This, at any rate, is the theory. The reality could turn out differently.

Major projects still in the pipeline like coal and copper development, expansion of tractor and vehicle production together with a pressing need for equipment and know-how to improve productivity generally point to a heavy flow of imports for some time to come, heavier perhaps than an annual growth of 10 per cent. suggests.

In the other column, the export targets look rather ambitious. The Poles themselves have admitted weaknesses in their marketing which they are now trying to rectify. But even given first-class promotion, western businessmen feel there is a limit to the prospects for sales of Polish manufactures, partly because their relative cheapness is not always the best selling point owing to the danger of dumping charges.

Raw materials have better prospects, but even here there are problems. Coal production is not keeping pace with demand, and while Poland could divert as much as it likes on to world markets it would still have to make up the resulting domestic energy gap with costly oil and gas imports.

Copper and sulphuric acid production are rising rapidly and could prove lucrative once world commodity prices pick up again.

Poland has suffered two major *blows in the agricultural sector.* First, the entry of Britain into the EEC cut it off from a profitable market for its bacon owing to the CAP, a development which Warsaw still deeply grudges. Second, two bad years have sharply reduced sugar and meat output forcing drastic curtailment of exports of both these commodities.

What Poland is anxiously looking for now is an upturn in the western economy to stimulate demand for its products and bring stronger trends in raw material prices. With its greater export orientation, the country is better equipped to take advantage of a world trade boom than only five years ago, and the strong links it has forged with many western countries since 1970 give a good foundation to build on.

Finance

The biggest drawback of a boom would be a sharp rise in the cost of finance on which Poland continues to depend heavily, and a drop in the availability of export credits from western governments no longer preoccupied with exporting at any cost.

On balance, it looks as if Poland will continue to import, but at a level in line with its more modest investment targets (though as the expiring Plan shows, these targets are provisional to say the least). There is also likely to be a stronger insistence on co-operation deals especially for would-be purchasers of Poland's more valuable commodities.

The share of the West in Poland's overall trade is also likely to drop slightly from its artificially high level, especially since Poland is committed to investing heavily in Soviet raw materials in the new Plan period. But this drop will be limited by Poland's need to export as much as possible for hard currency, and this is the top priority.

D.L.

...K.

CONTINUED FROM PREVIOUS PAGE

...he prices and the credit ... offered by British com... ... faced with domestic ...nary pressures. While ... are hopes that the new ...calation insurance poli... ...eing introduced by the ... Credits Guarantee ...tment will help, the Poles ...ll very concerned about ... prices.

...urther major problem is ... exports to Britain. ... exports increased from ...m. in 1973 to £138.6m. ...974, and have shown ...r progress during the first ...nonths of 1975, going up £104.6m. in the same ... of 1974 to £125.6m. How...here are signs that Polish ...s to Britain have started ...gnate and a larger im...e in Britain's favour is ...ng up. Although they ...sed from £95.1m. in 1973 ...0.3m. in 1974, they have ...up by less than £1m. in ...st nine months of 1975. ...artially reflects Britain's ...mic recession, but accord... ...the Poles the EEC's ...on Agricultural Policy is ...ampering sales of bacon ...nned ham products, tradi... Polish exports.

...lo-Polish trade largely ...s the traditional pattern ...t-West trade with Britain ... capital goods and ...nery and buying raw ...als and foodstuffs. The ... figures for the first nine ...s of 1975 show that ...of Britain's total ex... ...of £125.6m., non-electrical ...nery accounted for ...., electrical machinery ...9.6m. and chemicals for ...

On the other side, out ...and's sales of £83.5m. in ...ame period, foodstuffs ...ted for £22m., timber for ..., and non-ferrous metals ....3m. In other words, raw ...ials and foodstuffs account ...me 40 per cent. of Polish ...s. The Poles have made ...ss in the sale of manu...ed products such as ...g, £2.1m., footwear, £4m., ...ars, £1.89m. There has been some notable pro... in the sale of machinery ...) where Poland is the leading exporter from Eastern Europe.

However, there have been accusations of dumping in some industries, particularly footwear, and while these are being hotly refuted, Polish exporters in the so-called sensitive industries, such as textiles and shoes, may face further quota restrictions in the British market.

Much of Poland's relative success with industrial products has been due to the increasing number of industrial co-operation ventures signed with firms such as International Harvester, Rank Xerox, James Jobling and Coles Cranes whereby the Poles pay for Western machinery either with the end-product or some components. Like other East European countries, the Poles see co-operation as a means of financing trade and also of securing markets for their goods in the West. There is a considerable "buy-back" element in the deals with Massey-Ferguson and Petrocarbon. Another two-way trade deal proposed by the Poles was an exchange of steel for coal but the British Steel Corporation have now decided to purchase Polish coking coal on a cash basis. Co-operation in mining technology has been building up steadily with British firms using Polish techniques and there is talk of joint ventures in third markets such as Indonesia.

The development of Poland's raw material resources such as copper, sulphur, timber and agriculture as well as coal are expected to provide much hard currency for the current investment programme. The next Five Year Plan (1976-80) will put more emphasis on buying individual machines and pieces of equipment particularly where they can provide a stimulus to Poland's export drive. This could help Britain, whose exporters have fought shy of the large projects in favour of smaller but continuous business. The new co-operation programme is designed to encourage smaller U.K. firms to look at the Polish market and at the opportunities to supply both machinery and consumer durables.

However, unless Poland can find markets in Britain for its goods, British exports may not increase at the same rate as the past four years. While Poland's exports of machinery and industrial products may do better once Britain comes out of recession, it still seems probable that Poland's main export prospects will lie in the sale *of raw materials, foodstuffs, and* consumer durables. Obviously any upturn in the British economy should result in larger purchases of Poland's raw materials and British Government sources believe Britain may soon be in a better position to buy Poland's foodstuffs, including bacon.

Stagnate

The question mark hangs over the sale of consumer durables such as clothing, textiles, footwear, furniture, and cars. While Poland is not a major supplier in any of these sectors she has made considerable progress in the British market and these exports now account for 10 per cent. of total sales to Britain. One of the main reasons for this success has been an improvement in marketing techniques which until now have been a major weakness in Polish efforts. Just as Polish brand labels have been established on the British market in foodstuffs so Polish clothing such as raincoats or children's wear are now to be seen in British shops. The Poles strongly refute any accusations of dumping in clothing or textiles, pointing out that their sales are governed by quotas and that their prices cannot compete with those from the Far East and, in some categories, from Britain itself. According to the major importer of Polish textiles the aim has been to establish Poland as a supplier of well made goods in the medium price range. It is also pointed out that Poland buys more than she sells.

In other sectors such as shoes and, increasingly, motor cars Poland has been under attack from British industry for unfair competition but this is again denied by the Poles who believe that they are being made a scapegoat for Britain's own economic problems. Any obstacles, either official or unofficial, which are put in the way of Poland's exports to Britain will almost certainly be reflected in future British export figures and could be even more serious if joint production deals whereby Britain buys components from Poland are put in jeopardy.

Poland's need to increase its exports is not of course confined to Britain alone but in future years it will become more urgent in order to repay the credits that have been granted by western countries. The fact *that Poland is still the recipient* of substantial ECGD-backed lines of credit is regarded by Whitehall as official confirmation of Poland's creditworthiness although Britain has turned down Poland's request for a similar credit facility as that given to the Soviet Union earlier this year. Such a deal has been extended to the Poles by France but Britain has said that finance is available on a project-by-project basis.

In addition to the discussions on coal there are a number of large agreements currently under negotiation. These include the construction of four paper-making plants, the building of a second oil port at Gdansk, two chemical complexes including a chlorine plant at Bydgoszcz, and a fertiliser plant at Solize.

The prospects for trade are extremely promising as long as Britain remains alert to Poland's sensibilities. If political links continue to develop as they have done in recent months and if Poland can expand her sales to Britain there must be a strong chance that Poland may rise even higher in Britain's export *table.*

Brian Wright
London Chamber of Commerce and Industry

Comecon

Membership of Comecon has proved of immense material benefit to Poland's economy. A high proportion of exports of all kinds, and notably machinery, find their way to fellow-member countries.

POLAND is the second largest country in Comecon after the Soviet Union in population and *economic potential*. But national income per capita puts it in the middle, higher than Bulgaria and Romania, level with the Soviet Union and Hungary, 30 per cent. lower than Czechoslovakia and 35 per cent. lower than the GDR. Its *growth rate, however, is among* the highest, averaging 10.2 per cent. a year since 1971, a figure bettered only by Romania with 11.6 per cent.

Compared to the country's poor performance before the last war, participation in Comecon *has had a dynamic effect on* the Polish economy, mainly thanks to the size and character of the *Soviet market*. Long-term supply contracts have turned Poland itself into a serious producer of shipping, railway stock, building machinery, heavy machine tools and complete industrial installations such as sulphuric acid *plants or sugar refineries*.

In 1973 60 per cent. of Poland's exports were industrial products, of which 38 per cent. were machines and equipment. As much as 80 per cent. of all machines and two-thirds of all Polish exports of consumer articles of industrial origin go to Comecon.

Up to 1970 around 80 per cent. of all machinery and equipment imported by Poland came from Comecon. This share has now gone down thanks to the growth of imports financed *by western credits*. But Comecon remains an important source of raw materials, oil and semi-finished products. Soviet supplies play a dominant role here; they cover 44 per cent. of fuel and raw material needs; 90 per cent. of oil, 80 per cent. of iron ore, 60 per cent. of timber, cotton and non-ferrous metals.

Poland's trade with Comecon is based on long-term bilateral trade agreements tailored around the individual countries' five-year plans and governed by a price system that *reflects broad trends on world* markets. Trade is also designed to fit in with the Complex Programme agreed in 1971 to boost socialist integration and broaden co-ordination.

There is now multilateral consultation regarding basic economic problems and long-term prognoses. Plan co-ordination is also conducted *over 15-20-year periods*, and common planning of chosen areas has been started for the first time.

The 1976-80 Plans will see the first full co-ordination of Comecon national plans tied with multilateral integration ventures. *This move*, agreed at the June Comecon session, will involve 9bn. roubles worth of investments, the elements of which are all being built into national plans as economic targets, covered like all the others by economic indicators and financial discipline.

One of the main Comecon aims is to cover the long-term raw material and fuel needs of the member-countries, on the principle that the importing countries should grant credits to enable the supplier to develop extractive industries. The first of this type of agreement covers the development of raw materials in the Soviet Union, and Poland was a signatory for those materials she herself lacks.

It is a credit partner, for instance, in the great cellulose factory being built in Ust-Ilimsk in Siberia. Beginning in 1979 *Poland will get 40,000 tons of* cellulose a year for the next 12 years. In exchange for aid in developing the Soviet iron and ferro-alloy industry, Poland will get 2.5m. tons of these products, expressed, that is, in pure iron, for the next 12 years. Participation in the construction of the Kijembajew asbestos *factory* ensures Poland, beginning in 1980, 50,000 tons of asbestos a year, again for the next 12 years.

Pipelines

By laying a sector of the pipeline which is to run from *Orenburg to the Soviet Union's* western frontier, Poland will obtain additional supplies of gas, 2.8bn. cubic metres a year starting in 1979. All these projects are multilateral. Poland has also signed a bilateral agreement with the Soviet Union *under which it will build a pipe-*line starting in Polock, to the north-west of Poland, and will get 1m. tons of oil a year.

It is also worth mentioning the first international firm in the history of Comecon, the Zawiercie cotton mill, which *came into production in 1975* and is jointly owned by Poland and the GDR.

Proof that Poland is increasing her role in the international division of labour within Comecon is the growth of products produced under specialisation and co-operation agreements. Up to 1975 Poland had signed 158 bilateral and 23 multilateral *co-operation* and specialisation agreements within Comecon. But this still is not enough in relation to the needs and possibilities.

If we look through the Statistical Yearbook we see that in the last four years the share of the Comecon countries in total Polish trade has declined markedly. In 1970 60.3 per cent. of Poland's exports and 64.1 per cent. of imports was with Comecon. These figures are 53 and 41.2 per cent. respectively for 1974. But the point is that these *indicators do not* give a true picture of the geographical pattern of Poland's foreign trade.

It's true that following 1970, foreign credit sources were called in to speed up the modernisation of the Polish *economy*, and this meant an increase in buying from the West which clearly outdistanced the growth of trade with Comecon. In this situation the fall in Comecon's share in Poland's global trade figure is understandable. But *quantitative factors were not* alone in bringing about this change. Large price rises also played a role.

Compared to 1970, Poland's imports from Comecon at current prices increased by 57 per cent. up to 1974, and at *constant prices by 52 per cent.* Meanwhile, imports from the west at current prices went up by 320 per cent. and at constant prices by 188 per cent. Export in current prices to Comecon went up by 70 per cent., in constant prices 61 per cent. *Export to the Western* countries in current prices went up by 138 per cent. and in constant prices only 40 per cent.

This leads to the conclusion that the violent changes in the geographical structure of Polish foreign trade stem to a great extent from the difference between price levels within Comecon trade *and on the* world market.

The present stage in Comecon co-operation comes at a time of marked growth of economic contacts between *East and* West. Practice provides proof that these need not clash with integration inside Comecon, but can even aid it. For instance the fact that both Moscow and Warsaw decided to buy the Fiat licence aids co-operation in *motor-car production*. Polish co-operation with Westinghouse in brake production makes the Poles attractive partners for the truck factory being built at Kama. Political sym[...] mean a lot, but everyone [...] if they are backed up by [...] nical and economic adv[...] as well.

An exact balance of the [...] benefits which Poland enj[...] being a member of Come[...] not simple. It's easier [...] at individual ventures [...] even here some of the be[...] will only become appar[...] the future. For how c[...] calculate the advantages [...] raw material investments [...] are being initiated [...] moment by Comecon [...] only begin to pay in a few [...] from now? At what [...] To-day's or to-morrow's?

It's well known that the [...] metic of integration is gov[...] by quite specific rules [...] attractiveness lies in the [...] that one skilfully added [...] can come to more than jus[...]

Andrzej Lubow[...]

Thanks largely to trade with the West, industry has been revitalised and virtually transformed. Heavy investment in modernisation and expansion has made the country a leader in industrial growth.

Industry

POLAND'S RAPID economic growth reflects the thorough transformation which its industries have undergone during 1971-75. In those five years nearly a half of the 1,900bn. zlotys earmarked for investment was channelled into industry. As a result, industrial fixed assets increased by more than 60 per cent. and have gone up from 24 per cent. of the total in 1970 to *about 29 per cent. in 1975*.

More than one third of fixed assets are machines and equipment less than five years old. When one considers that half were imported and that they represent in most cases the latest technology, it becomes clear what an immense effort has been made to modernise this basic sector of the Polish economy.

The average annual growth rate in industrial production (11 per cent. against a world average of 6 per cent.) puts Poland among the fastest growing countries in the world.

Industry also produces a greater share of national income than before. In pre-war Poland agriculture turned out as much as 44 per cent. of the national product, industry coming poor second with only 30 per cent. In the early seventies, industry had risen to 50 per cent. of national income, and in 1975 — 58 per cent. The structure of the *Polish economy can therefore* be seen to match that of economically advanced countries.

Processing industries, too, have been developing fast. Polish shipbuilding now ranks *12th in the world but second* (after Japan) in fishing vessels. Poland now accounts for some 24 per cent. of the global output of sophisticated vessels like mother ships and factory trawlers. Other highly complex units are: liquid gas carriers *built for U.S. owners; and a* unique 55,000-ton floating dock, the first of its kind, built for the Goeteborg shipyard, Sweden. It can take ships up to 250,000 d.w.t.

Another instance of dynamic expansion is the automotive industry, which has received 25 per cent. of total engineering industry outlays. In 1975 Poland will produce 290,000 vehicles, including 199,000 cars, 50,000 delivery vans, 34,000 trucks, and *7,000* buses. *Following* the Polski Fiat 125P, made under licence, production has been launched under a co-operation-cum-licence contract of Fiat *126P economy cars*. In 1975, their production will amount to some 35,000 and rising to 200,000 annually. Poland has started production of modern buses in co-operation with the French firm, Berliet, while 18- to 32-ton lorries will start roll*ing off assembly lines under a* contract with Steyr.

Building and road-making machines are also expanding rapidly. Poland is Europe's sixth producer of building machines, in co-operation with Clark, International Harvester, and Kockum.

Under a contract signed last year with Massey-Ferguson-Perkins, Poland has launched production of 36 to 75 hp trac*tors fitted with Perkins engines*. The Ursus works outside Warsaw will be expanded to produce 100,000 tractors annually by 1980, including 75,000 tractors of the new family made in co-operation with the British firm. It will also turn out 90,000 *diesel* engines a year.

This year the harvest *machines factory* at Plock will produce 3,700 Bizon-Super combine harvesters. Production has also been started of Bizon-Gigant harvesters, 30 per cent. heavier and *twice as effective*. Plock's eventual target is 8,000 harvesters annually.

Trebled

In terms of output and employment, the engineering industry is Poland's most important. Over the past five years it has developed *several technologically advanced* branches. Production in the electronics, automation and data processing industries has been more than trebled, and progress has been made with radio and TV sets (including colour), tape-recorders, video-recorders and *record-players* including stereo.

Investment in new technology initiated in 1971, has been spreading rapidly, and this year in the engineering industry it accounts for about 40 per cent. of all investment projects under construction. Mechanisation and automation, which in 1970 equalled 168,000 zlotys' worth of fixed assets per worker, will top 270,000 in 1975. It is the *principal source of labour productivity growth*.

More than 50 per cent. of all licence purchases over the past 30 years were effected during 1971-75, permitting the expansion of the engineering, light, foodstuffs, and building materials industries. Crude-oil processing has increased from 7.5m. *tons in 1974 to* 14.6m. tons in 1975, chiefly in the wake of the expansion of the refinery at Plock, and the building *of a new plant in Gdansk*. *The production of plastics and* pharmaceuticals has been doubled. The latter have become the chemical industry's leading foreign currency earner.

The chemical, steel, copper and non-ferrous metals industries, and the building materials industry, are all helping to solve *the country's raw* materials problems. The fact that the chemical industry is *developing* faster than other industries is an extra advantage.

The engineering and chemical industries, both important carriers of technical progress, *now account for 40 per cent.* of total industrial output, and will continue to grow.

Speeded

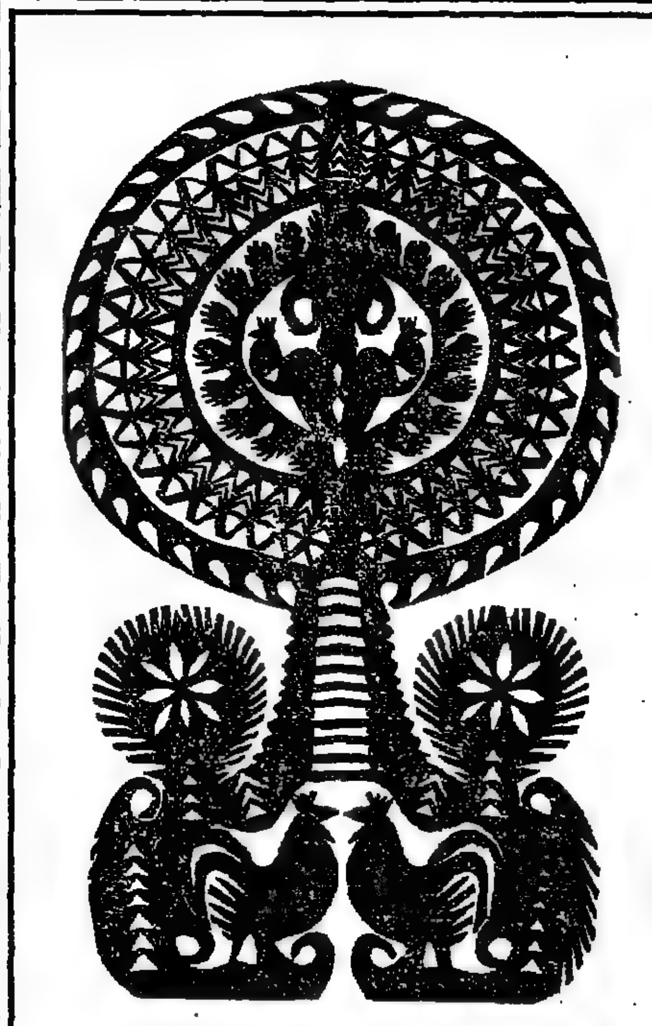
Expansion and modernisation of consumer industries has been speeded up, too. Industrial production during 1971-75 went up by 73 per cent., but deliveries of consumer goods to the market went up by 79 per cent. At present the *share* of light industry in overall production is 12.4 per cent., including the *textile* industry's 7 per cent. making it an important part of the Polish economy.

Organised (practically from scratch) in the last 15 years or so, the clothing industry is one of the most rapidly developing branches of light industry, *accounting* for 3.4 per cent. of the total The leather industry produces about 30 per cent. soft leathers in fine finishes and is developing production of synthetic leathers. It specialises in processing pigskin for shoes, ready made jackets, handbags, etc.

Except for flax and hemp, the light industry imports all types of natural raw materials for textiles, and a large number of chemical fibres (over 55,000 tons this year), plus about 50 per cent. of the skins necessary for the leather *industry*. *This* explains Poland's interest in achieving a balancing flow of exports.

In the last five years, 74 new light-industry *plants* have been built, and a further 130 modernised, at a cost of 65bn. zlotys. The projected increase in light industry production in the coming five-year period is 41-43 per cent. The redevelopment of this industry will continue, and a rise in quality is expected to result from better material supply from the chemical industry.

Jan Sek



In marked contrast to its industry Poland's agriculture is backward and there are problems with domestic food supplies at times. But all this is being quietly changed under the current administration.

Farming

...AND IS Comecon's odd man when it comes to farming, ...yone who has been there have noticed. The Polish ...ryside is a tight patchwork ...nall fields grouped round ...es and farmsteads, and as in other Communist ...ries, an open expanse of ...tivised farms. But things changing, and Poland's ...al "socialisation" of farm- ...n an interesting example of ...ess revolution.

...day, 30 years after people's ...nd was set up, 75 per cent. ...arming land is still in ...te hands and the average is only 18 acres run, prob- by an ageing smallholder ...is wife using a horse and ...h.

...while Poland has never suffered the upheavals of collectivisation, its farming is also relatively primitive. Production is fragmented and low, valuable resources are wasted, and innovation has a long way to go. For an important agricultural nation (farm products account for 25 per cent. of exports) Poland has difficulty supplying itself with meat, grain and, in a bad year like this, sugar.

A major feature of Mr. Gierek's five years in office has been a drive to modernise farming and raise farmers' morale, against the background of a long-term plan to transform agriculture into a state-run industry.

One of his first acts was to replace compulsory deliveries with a system of procurement prices which, it is claimed, have vastly improved farmers' incomes and boosted investment. In five years farmers' earnings are said to have risen by 34 per cent. and costs only 10 per cent., making the agricultural sector one of the better paid (if also hardest working) in Poland.

As a result farming output has risen steadily, by over 5 per cent. a year against 3 per cent. in the 1960s. Actually, economists believe this rate to be untenable, especially because of unfavourable shifts in climate, and future rates are expected to be lower.

But signs of fundamental improvement can be seen in such figures as pig population (pork is a leading Polish commodity) which rose from 13m. in 1970 to 21m. this year despite a feed crisis affecting the whole livestock sector in the last 18 months.

For the average Pole this has meant a rise in personal meat consumption from 53 kilos in 1970 to 70 kilos this year. But even this spectacular increase has not noticeably eased the meat supply situation. Meat is the most elastic product on the Polish market, and demand has risen enormously with the rise in personal incomes, spurred by the very low price at which it is sold.

The political importance of agriculture is underlined by the targets for the next five years. Meat consumption is to go up to 80 kilos per capita by 1980, and special emphasis is put on improving supplies of fruit, vegetable and dairy products as a central part of the drive to raise living standards. The long-term aim is to double food production by 1990, while an increase in grain and fodder supplies, is said to be "of fundamental importance" in the Guidelines.

Other innovations introduced by Mr. Gierek include the further mechanisation of agriculture. With western help, production of tractors is to be increased from 55,000 a year to over 100,000, a high target given that there are only 370,000 tractors in the whole of Poland today. Most of these tractors are small models of less than 50 hp, but production of more powerful versions is to be stepped up.

Improvements are also being made in the supply of fertilisers and construction materials which have proved major bottlenecks for the whole agricultural sector.

The "poor relation" status of farmers was also ended with the recent inclusion of the farming community in the state health scheme.

But the most ambitious aim is the eventual elimination of private farming altogether. Government policy is to coax private farmers into relinquishing their holdings voluntarily, and several schemes have been set up to achieve this.

Credits

At the simplest level a group of smallholders is encouraged to set up so-called farmers' circles where they retain their land but share equipment bought with the help of the State. At a deeper level, farmers may pool their land, or even set up fully-fledged co-operative farms, again benefiting from State credits of various kinds.

Finally, a smallholder may sell his land direct to the State for absorption into the growing number of State farms. Given the advanced age of most farmers, a popular scheme has been the exchange of a farm for a State pension, and the right to continue living in the farmhouse if desired.

Socialisation of land must also be an advancing process. Restrictions exist as to who a farmer may sell his land to under private contract (only qualified agriculturalists), and the general pattern of credit-granting favours farmers who have struck up a relationship with the State.

Agricultural land sold for other than farm use is subject to a heavy levy.

As a result of these policies, 1.7m. acres were taken over by the state in the last five years, and the figure between now and 1980 is expected to be over twice that much. The volume of output from state farms increased by 50 per cent., while the fact that many state farms specialise in important products like cereals and seeds means that their economic importance is greater than their land area suggests.

A typical state farm, judging by one I visited at Glubcice in Silesia, has some 24,000 acres and 1,000 workers, about half with qualifications of some kind. The average wage was 5,400 zl. a month, over three times the national average, confirming that farming is now well-paid, especially since workers get perks like accommodation and some food free, and are allowed small plots of their own.

A striking statistic: the average age of workers on the farm was just over 30 compared with nearly 50 in private farming.

But although state farms serve an ideological end, they have yet to prove their economic value.

Apart from the fact that individual motivation on a state farm is probably weaker than on a private farm, economists have found that economies of scale do not always work. This is mainly because much agriculture is still labour intensive, and state farms lack hands especially at harvest time. By contrast, a private farm can call on the loyalty of a whole family which will work all night without extra pay.

Second, the high cost of capital in Poland relative to labour means that simple private farms still compete quite strongly with their giant mechanised counterparts in terms of production costs.

And third, the fact that private farms are almost totally self-supporting means that they cost the state very little, whereas state farms make heavy demands on the budget for credit finance, technology and equipment.

Economists say it is difficult to calculate the output of a private farm to make a comparison with state farms. But they suspect that, all told, private farms only account for marginally less of Poland's total agricultural output than the proportion of total farm land that they represent, that is about 75 per cent.

But Poles emphasise that this is only a transitional problem and not an argument for halting the process. In the next five years some 600,000 private farmers will reach retirement age and their land will have to be absorbed into state farms since few young people will want to take it on.

At the same time the greater mechanisation of state farms and the widespread introduction of new techniques and equipment will make them very much more efficient than they are now, especially as the gap between capital and labour costs narrows. Judging by Western manning levels, there are large reserves in the Polish farm labour force, and true output levels have yet to be achieved.

D.L.

Poland's economic strength still lies in its raw materials resources. Of world importance as producer of coal and sulphur, it is becoming of major significance in non-ferrous metals. The main task must be to make more of these materials by processing before export; but the investment costs are enormous.

Raw materials

FOR ALL its advances on the industrial and agricultural fronts, Poland's economic might still lies in raw materials and will do so for years to come. Already one of the world's largest coal and sulphur producers, it is on the way to becoming a major source of non-ferrous metals too, and the bright prospects in this sector have been a great help to Poland in its quest for foreign capital and know-how.

On balance, the dramatic changes in the world energy scene over the last three years have favoured Poland. The decision, taken long ago, to base as much energy production as possible on the country's vast coal reserves has been completely vindicated even though it was criticised at the time as condemning Poland to an archaic and grimy future.

True, Poland has not been able to insulate itself from higher energy prices because it imports some 15m. tons of oil a year, 12m. from the Soviet Union and the rest from world markets. But the rise in this bill has been offset by higher earnings for coal exports, now running at 44m. tons a year.

With expected output this year of 172m. tons, Poland ranks fourth in the world after the U.S., the Soviet Union and China. But since the last two are not exporters, Poland is the second largest supplier of coal to the world market after the U.S.

Coal accounts for three quarters of Poland's energy sources (and 95 per cent. of all power) and has even enabled the country to export electricity to other Comecon States, and Switzerland and Austria. It is also Poland's largest single foreign trade commodity accounting for some 10 per cent. of foreign revenues, twice as much as ships.

Automatic

This commanding position follows years of intensive investment in the coal industry. Polish mines are now among the most modern in the world, equipped with automatic cutters and self-advancing pit props, and manned by some of the most highly paid workers in the country. Face-workers earn twice the average industrial wage and are treated with awe and respect by private individuals and politicians alike.

Poland now has 69 mines and is increasing coal output by about 4.5 per cent. a year. But there is a serious possibility, admitted by Polish leaders, that unless something is done to increase output faster than this the margin available for export will shrink with serious consequences for the Polish economy.

The problem is twofold. Energy consumption is rising faster than production, and Poland cannot afford to make up the gap with larger oil or gas imports. Second, the main mining areas in Silesia will soon reach production ceilings (though the deposits themselves are sufficient for centuries). According to present trends production and consumption will meet by 1980 at around 200m. tons.

To avoid this, the government has launched a major programme to open up new coalfields near Lublin in Eastern Poland with a capacity, by 1990, of 250m. tons a year. A pilot shaft is now being sunk to yield coal by 1977 and the necessary infrastructure is being prepared.

However the Lublin project is so big that Poland will be forced to draw heavily on outside expertise and capital to get it going. At this moment, negotiations are believed to be well advanced with a major western energy company, and Polish banking sources have confirmed plans to raise some $300m. in loans next year to finance the project.

Offshore

Ever so, hints have been dropped that future customers for Polish coal may be asked to contribute to development costs, especially if they want long term deliveries. The lack of domestic oil resources is a major weakness of the Polish economy. But the hunt for offshore deposits in the Baltic (which is an extension of the North Sea geologically) is being intensified with the help of the GDR and the Soviet Union.

Meanwhile, exploitation of lignite is also advancing with the aim of doubling present output of 40m. tons by 1980. But lignite's uses are limited and exploitation will probably proceed along the lines of Belchatow, where a giant power station is being built beside a major deposit.

Poland's second post-war bonanza is copper, vast deposits of which were discovered in the south east of the country only in 1957. The resources rate among the world's ten largest, but their geographical proximity to the world's major consumers makes Poland potentially more important than remote producers like Zambia, Chile and even the Soviet Union whose largest deposits lie deep in Siberia.

Extraction and processing have grown rapidly. The smelting of electrolytic copper was 22,000 tons in 1960, 194,000 tons last year, and is expected to reach 240,000 tons this year, far surpassing the original plan target of 180,000 tons.

The planned extraction of copper ore at 17m. tons this year is two and a half times as much as in 1971, pointing to the swift growth of Poland's copper industry whose output is now rising by 20 to 25 per cent. a year. Poland still only accounts for 3 per cent. of world output, but this share is expected to grow.

Poland recently concluded a contract with several western companies for a new smelter to complement the Legnica-Glogow complex and borrowed $240m. on the strength of future exports to finance development. The new Five Year Plan foresees an increase of 72 per cent. in copper production, making it one of the most dynamic sectors in the Polish economy.

Unfortunately, Poland's appearance on world markets as a major producer has coincided with a slump in copper prices and little prospect for an early recovery, so the contribution to the balance of payments has not so far been as great as it might have been.

Poland's other principal metal products are zinc (240,000 tons a year) and lead (70,000 tons). The discovery of small quantities of gold was also recently announced.

Progress is also being made in production of sulphur of which Poland is the second largest producer in the world after Canada. Annual output is now around 4m. tons. But more significant is the growing production of sulphuric acid which should reach some 3.5m. tons this year, giving Poland the extra benefit of added value in terms of exports.

Like all ambitious countries, Poland would rather be known as a producer of industrial goods than of raw materials. Nevertheless it is in these fields that it will make the biggest impact in the coming years.

A major task is to make more of these materials by processing them before export. However, the costs involved are enormous and progress will depend on Poland's success in attracting outside participation. The possible involvement of a western company in the Lublin coalfields would set a useful precedent.

D.L.

In the last five years Poland has suddenly switched from being a country which shunned debt to becoming a major borrower in order to finance its industrial development. However, the size of the debt is now creating fresh problems.

Major borrowings

CREDIT HAS played a crucial part in Poland's development strategy over the past five years with the new administration's belief that Poland would benefit from a good dose of finance. The result is that Comecon's tightest penny-pincher has become one of its heaviest borrowers.

Within a few months of coming to power Mr. Gierek had embarked on a credit backed spending spree without parallel in Comecon to achieve a rapid rise in living standards and establish a strong industrial base from which to repay loans.

Mr. Gierek was helped by the fact that Poland's creditworthiness was, at the time, first class. His predecessor, Mr. Gomulka, had shunned debt like the plague and there were few outstanding loans to be serviced. Furthermore, Poland's good material base gave the economy, literally, a copper bottom.

But so rapid was Poland's descent into debt that people soon began to ask questions about the balance of payments, details of which are not, of course, published. Mr. Gierek's continuing freeze on prices and his generous wages policy added uncertainty to the picture because although this guaranteed political stability, it posed questions as to where the money was really going.

The declining price of copper on world markets was a blow to Poland, but the parallel sharp rise in energy costs added greatly to the value of its coal which was now being exported through a brand new Baltic terminal at the rate of over 40m. tons a year.

Nevertheless, by 1975 Poland had acquired, justifiably or not, a reputation as one of Comecon's less good risks even though there was not the slightest suggestion that it would default. It had become more difficult to put Polish loans together and many banks simply had no more room for Poland in their books.

This led, in April of this year, to an interesting development in Comecon financing. In order to make sure of a major loan to develop its copper resources, Poland decided to shed light on its balance of payments by producing a prospectus giving full details of copper production and export plans. This striking departure from Comecon secretiveness secured Poland its biggest loan to date, for $240m.

But one of the conditions was that lenders should have access to Poland's books and be able to demand changes in copper export strategy if necessary. This was seen as a welcome development by western banking circles, though it was ideologically rather sensitive and may have angered some people in Warsaw.

After this loan the feeling grew in the West that Poland had completed its major investment plans and that heavy borrowing had come to an end, to be followed by steady repayment as new plant came on stream.

This idea was fostered by the Poles since it improved their credit standing. But things are turning out differently. Although preliminary details of the 1976-80 Five-Year Plan suggest a period of consolidation, Polish officials are still negotiating several large contracts in the west for which finance will have to be found, and further borrowings may therefore be expected.

Among them are the expansion of vehicle production, the installation of a large PVC plant and the development of new coal seams in Eastern Poland. According to Polish sources, the PVC and coal projects will require some $400m. in Euro-currency finance on top of whatever can be covered by export credits or compensation arrangements.

So how does Poland's creditworthiness stand today?

According to the Finance Minister Mr. Henryk Kisiel, speaking in an interview for this Survey, the ratio of debt servicing to export earnings is currently 20-22 per cent. This is probably the highest figure ever admitted by a Comecon country, and it is in the region of the top limit set by international agencies.

However, Mr. Kisiel stressed that Poland's exports should rise much faster than imports in the next five years, and that the overall rate of investment would slow down sharply. Priority was going in the next Plan to export-oriented activities like raw materials and shipbuilding, he said.

Incomes

At the same time, personal incomes will go up more slowly in the next five years, by 16 to 18 per cent. compared to 40 per cent. since 1971, pointing to a period of belt-tightening which could benefit the balance of payments.

The question is whether Mr. Gierek will have the political strength to steer the tighter course necessary to reduce the country's mounting debt.

Poland's trade deficit with the West stood at $2.25bn. at the end of 1974 and has probably risen since, though the trade gap has been narrowing.

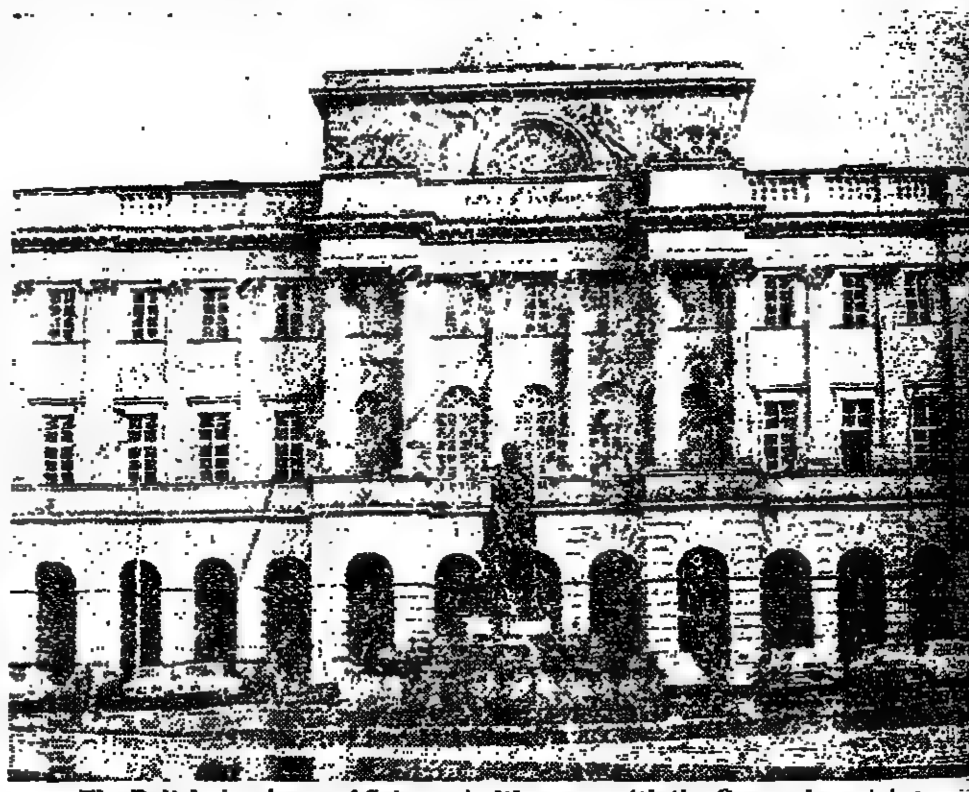
The Economic Commission for Europe has estimated Poland's total debt as ... lent to last year's exports ... came out at $6.75bn. This ... has been more or less ... by authoritative Polish ... who speak of a debt ... $6bn.

This is not, of course ... impossibly large sum ... country of Poland's size ... wealth. But much of it ... loans taken up in a short ... which will therefore fall ... at roughly the same time ... ing to a strain on the balance of payments around 1980 ... the absence of further ... tion, Western bankers also ... sider it high in the context ... Poland's hard currency ... and its yet-to-be-proven ... potential. Poland's invisible earnings are not thought ... large.

But banks are still lending to Poland, albeit at higher ... than before, and Polish ... should find further ... available so long as they ... their demands out well.

Whatever happens, Poland ... unlikely to go back to its ... credit shunning ways ... has settled its accounts ... Kisiel stressed that there ... been fundamental changes ... attitude. Poland wants to ... a large role in world trade ... said, and to do this it ... continue to be interested ... credits.

David Lasc...



The Polish Academy of Science in Warsaw, with the Copernicus statue.

The intelligentsia has often had a profound influence on Polish life. But mass education is creating a new group of intellectuals, many from peasant and working class backgrounds, who are beginning to make their mark.

A new force

THE POLES this autumn are concerned with two things, officially with the party congress and privately with prices and wages. But quite unpredictably in the middle of all this crowds are flocking to an exhibition of romanticism in Polish 19th and 20th century art.

For a time when everyone agrees that only hard work and efficiency will make Poland prosperous, the popularity of an exhibition crowded with momentoes of romantic ventures and lost hopes which date back to days when Poland didn't even exist on the map of Europe, has caught everyone by surprise.

The 19th-century was a time when poets, artists and writers were the only people, in the absence of a Polish State or political parties, who could reflect national aspirations. And this belief that intellectuals were responsible for the well-being of the nation survived well into the 20th-century and even the post-war years. It powered many intellectual protests in the sixties; the party leadership's violent reaction to them also stemmed from the conviction that what an intellectual had to say was important.

But the post-war introduction of mass education at all levels brought significant changes which have only recently come to be felt. A whole new group of intellectuals straight from peasant and working class backgrounds has come into its own, and begun to set the tone. But their outlook in management and research, in the media and the universities where most of them end up is unadventurously conservative. Add to this the material symbols of social advance such as a car or washing machine and the picture emerges of a quiescent majority for whom conformism is the first rule of success.

Yet even they began to chafe at the total compliance which the previous leadership required and which contributed to the catastrophic slowdown Poland witnessed in the late 60s. The year 1970 brought into power a group of people who believed in modernisation and efficiency. But pragmatic technocrats though they were, they saw that people had to be encouraged to think creatively, and that this involved criticism.

Writers

They weren't too interested in what the writers had to say, but they set up committees of experts to delve into the ranks of those who were coming to the conclusion that maybe two ways of looking at things were better than one. But to-day, we find few traces of these brave early years: one reason may be that what was wanted was "constructive" criticism, where "constructive" is defined by the person or institution being criticised. And so the days of "creative discontent" as they were called, were also numbered.

Meanwhile, the traditional intelligentsia remains in a minority, ignored by the party leadership. Not that it has lost any of its cohesion. The recent 80th birthday of writer Antoni Slonimski, notorious for his liberal convictions, was noted in the weekly press in the face of a frosty official silence broken only by a formal telegram of greeting from the Minister of Culture. More orthodox writers have been showered with distinctions on similar occasions. But it still says something for the strength of opinion that some mention was made.

Similarly, the Polish Pen Club delegation at the recent congress in Vienna abstained from the resolution against persecution of Czech intellectuals because opinion at home would not have tolerated an opposing vote. Yet last December's protest on the Polish Government's lack of interest in the fate of Poles living in the Soviet Union had few repercussions for the signatories and little effect in practice. Telegrams of congratulation to Sakharov on his Nobel prize also went officially unnoticed. Dissent is very much on the edge of a stage set with shiny motor-cars, efficient machine tools and whirring computers.

Why, then, this interest in outdated romanticism? One critic has called the exhibition a national "psychoanalytical session." Another says it provides a kind of stock list of national identity. And if this need for national identity is widely felt then the role of the traditional intelligentsia may be far from finished. One thing can be said for certain, the party has not managed to form a new national identity. The break with the past is far from complete. Political life still lacks authenticity, official ideology lacks conviction. Young Poles looking for a counterweight to establishment ideals look instinctively to the past. And still history is used as a kind of code for talking about the present.

It is no accident that a ... of essays on 19th-century ... tical figures published this ... by two young authors was ... as comment on to-day's political dilemmas, as was the discussion which arose around the ... Again it is significant that ... themes include the preservation of basic values and the ... to which compromise ... authority can go.

Maybe a rebellious past is ... only kind of tradition ... intellectuals can aspire to ... a system which blunts ... faculties, the future is ... for someone trained to look ... problems from every angle ... a recent novel by Julian ... hauser, the young hero ... bravely positive throughout ... wants to remain in the ... stream and not join the ... of dissent. And yet at one ... he says to a friend: "I ... Marxist, you are silent, we ... work on a paper which ... despise." The Polityka reviewer ... comment on this passage ... this was the dilemma of all ... characters in the book ... despise what they do and ... for activity, but they lack ... thought of utopia. But ... reviewer goes on to say ... utopia doesn't necessarily ... to be unrealistic. It can ... concrete utopia, one which ... worth striving for, for no ... tical situation lasts for ever.

Personality

But where is this utopia ... come from? At a time ... Poland's economic progress ... beginning to show signs ... strain, will the experts ... tive vision of efficiency ... credibility? Or will ... idealistic, less pragmatic ... regain lost ground. And ... ready is the new technocratic intelligentsia to develop a ... sonality of its own, and ... reflect the wishes of authority ... especially as it is they who ... most contact with the West ... learning and applying Western technology. And will they ... turn with more sympathy to ... ideas of the Western-oriented traditional intelligentsia? If ... one writer remarked ... the time is ripe for ... spectacular protest in ... of freedom of expression, will ... fall on deaf ears?

Christopher Bob...

FARMING AND RAW MATERIALS

U.S. food aid policy criticised

WASHINGTON, Dec. 4.

CONGRESSIONAL directives are resulting in more food being shipped to the world's richest countries under the U.S. PL 480 programme, originally conceived to develop markets for U.S. farm products, Mr. Richard Bell, Assistant Agriculture Secretary, told the Farm Foundation in Chicago.

While this change in emphasis was well meaning, it was misdirected and not based on any sound economic analysis. If the trend continued in its present direction, it may no longer have a food aid programme in a few years time, he said.

Poor countries' food problems should be solved by greater domestic production and more equitable distribution, instead of free food aid from external sources.

PL 480 was beginning to face the same difficulties of the domestic food stamp programme, because Congressional legislation was becoming too specific in directing operations of the programme, "which would be better left as decisions for the executive branch of the Government."

Under Congressional directives, a minimum of 1.3m. tonnes of food commodities must be shipped overseas annually under Title 2 of PL 480, the section of the Act dealing with donations and grant aid. Title 1 authorises the sale of food and fibre for long-term credit.

"It now appears that Congress will force at least three-quarters of all food commodities shipped abroad under title 1 during the next couple of years to go to the world's poorest countries, whether they can actually use the food or not," Mr. Bell said.

Reuter

SUGAR EXTRACTED FROM SORGHUM

WASHINGTON, Dec. 4.

U.S. Agriculture Department scientists working with State University researchers and the Rio Grande Valley sugar growers had produced 22 tons of raw sugar from sweet sorghum, the USDA announced.

It said standard cane harvesting and processing equipment was used to produce the sugar which had a purity equal to that of cane sugar.

It said sugar production from sweet sorghum offered great promise in extending the production period of both the cane and beet industries by two or three months. Because improved varieties of sweet sorghum could be grown from the Rio Grande valley to South Dakota.

Reuter

Little reaction to Soviet grain crop 'disaster'

BY JOHN EDWARDS, COMMODITIES EDITOR

REPORTS THAT the Soviet Union grain crop may have fallen as low as 137m. tonnes this year caught grain traders by surprise yesterday, but there was little reaction on the markets themselves.

The basic feeling was that although the crop was a "disaster," at nearly 80m. tonnes below the optimistic target set by the Soviet authorities, it was unlikely to have any short-term effect on grain prices.

London grain markets were hardly affected in what one trader described as a "reasonably quiet" day, with "no fireworks." Chicago grain markets advanced strongly in early dealings, reflecting expected increased speculative buying interest, but values eased in later trading. Gold, which normally reacts to the prospects of increased Russian buying of grain, eased only slightly and gains in other commodity markets were short-lived.

Lack of reaction to the dramatic cutback in the Soviet Union crop forecast was explained by the fact that it is claimed the Russians cannot buy any more grain at present.

Serious congestion is reported to be building up already at Russian ports because of the deliveries of previous grain purchases, totalling some 25m. tonnes. The situation is likely to worsen, rather than improve, during the winter months.

It is thought, therefore, that the Soviet Union is unlikely to resume major buying of grain for some months, possibly not until it has a better idea of its own harvest prospects next year and those in the rest of the world.

There are reports, meanwhile, of increased slaughterings of livestock in Russia, presumably in an effort to bring demand more into line with available supplies.

Living standard

Nevertheless the size of the shortfall in the Soviet crop is causing serious concern about future grain supplies. It is argued that, either the Russians will have to accept a somewhat lower standard of living, reversing the previous trend to more plentiful supplies of meat, or they will have to step up grain imports considerably if domestic production continues to be as erratic as in the past few years.

The last official estimate of the Soviet crop by the U.S. Department of Agriculture was 160m. tonnes. In recent weeks a decline to 150m. tonnes, or possibly even 145m., was thought to be possible.

But the fall to 137m.—the worst crop for 10 years—is below even the most pessimistic expectations and suggests that there is a radical weakness in the Soviet bid to raise its grain output.

Already there are serious doubts about next year's prospects. There are reports of considerable problems with the vitally important winter wheat plantings, mainly because of drought in several key areas.

It is likely that the Russians will have to buy heavily again next year, a prospect which is likely to bring a firm undertone to the grain markets, as buyers from other countries also seek to assure themselves of adequate supplies.

With world grain market prices at present below EEC levels, the short-term impact of the Russian setback is limited. But the EEC grain crop has also been disappointing this year; European buyers may find themselves having to pay more next year, especially if there is any kind of harvest setback in one of the main producing countries, notably the U.S.

● New steps towards reviving a viable international wheat agreement were announced by the International Wheat Council in London yesterday.

It said that, recognising a general desire to establish a world pact as soon as practicable, a meeting of a preparatory group to examine the options for an agreement would be held in January. A special session of the Council was planned for February.

Plea to lift potato import duty

BY RICHARD MOONEY

A CALL for the supension of duties on potato imports into Britain was made yesterday by the National Federation of Fruit and Potato Trades (NFFPT). In a new attempt to ensure adequate potato supplies in the U.K. at reasonable prices an NFFPT delegation visited the Ministry of Agriculture to press the case for a temporary removal of EEC and U.K. duties.

Under Community rules, new potato imports to Britain attract a 12 per cent. duty, while that on ware types is 14.4 per cent. In addition a 20p a ton residual U.K. duty is payable on new potato imports.

These duties together are estimated to add between ½p and 1p a pound to retail prices. The federation is seeking suspension until May 15.

The delegation is understood to have been "well received" at the ministry, and a decision on ministry backing for its request is expected fairly soon. But even if this support is forthcoming, positive action at EEC level is unlikely before the new year.

However, the British potato shortage is less serious than was implied by figures issued by the Potato Marketing Board (PMB) on Wednesday, according to NFFPT representatives. The PMB's census, taken at the end of October, showed that U.K. stocks stood at only 1.8m. tons—50 per cent. down on last year's comparable figure.

But an NFFPT spokesman said yesterday that the reduction in supplies moving into consumption was likely to be closer to 20 per cent.

Christmas

The cutback in supplies has been partly compensated by a reduction in consumer demand, which is running some 17 per cent. lower on the season so far.

Potato prices are nevertheless expected to go up by around 1p a lb by Christmas, but the NFFPT spokesman thought 10p a lb should prove to be the ceiling level for this season.

Supplies of most other produce should be plentiful for the Christmas season, said Mr. Matthew Mack, the NFFPT president. The outlook for green vegetables had improved considerably since September, while salad vegetables and mushrooms were also in good supply.

"Apples are probably among the best Christmas fruit bargains," Mr. Mack said. There were more English Coxes about than last year and ample supplies of Golden Delicious. Citrus fruit was also plentiful.

The picture for specifically seasonal products is not as good. Mistletoe and holly are in shorter supply, while Christmas trees will not be plentiful. Mr. Dick Saner said Christmas trees would be some 40 per cent. more expensive than last year, at around 40p a foot. He blamed this mainly on smaller plantings because of oversupply in previous years.

Malaysia tin mines close

By Our Own Correspondent

KUALA LUMPUR, Dec. 4.

NINETY-TWO gravel pump tin mines and three dredges had closed in Malaysia during the first nine months of this year, Datok Leow Yan Sip, president of the Perak Chinese Mining Association, said to-day.

He told the association's annual meeting that the closures were due to increasing production costs, shrinking deposits and export controls. He expected more marginal mines to close unless the metal price improved.

To alleviate problems of marginal mines caused by export controls, the Malaysian Government had allocated more than 12,900 piculs of tin concentrate quotas to such mines.

A Government spokesman said this was 2,900 piculs more than the 10,000-picul "hardship quota pool" set up for the purpose. Most of the mines given the additional quotas had originally been given quotas below 200 piculs for the last quarter of this year.

The spokesman said Malaysia had sent data on the costs of production for the first half of this year to the International Tin Council to support its case for price increases of the metal.

● Tin price on the London Metal Exchange continued to fall yesterday, in line with the trend in Malaysia. Cash tin closed at £3,021.5 a tonne, £11 down on the day.

NEW COMMODITIES FUTURES GUIDE

By Our Commodities Editor

A new effort to explain the functions of the commodity futures markets is made in a new book, launched yesterday by commodity brokers, M. C. Brackenbury.

The third book from Brackenbury's, it is extended to cover "soft" — non-metal — commodity markets as well as giving detailed coverage of the Metal Exchange, as in the previous two editions.

An interesting innovation this time is to concentrate the statistical details on a depressed year (1971) and a boom time (1973) to demonstrate how prices are affected by the change in world economic conditions.

This is in line with the introductory article, which lays the blame for commodity price fluctuations on Government actions, rather than the "much maligned speculator."

**Dealings on the London Metal Exchange and Commodity Markets, price £7.50p, Brian Reidy and Associates, 53 Monument Street, E.C.3.*

ROYAL SMITHFIELD SHOW

Machinery salesmen keep smiling

BY DAVID RICHARDSON

A FEW years ago I thought we had almost reached the limit in the size and horsepower of machinery which could be sold to British farmers. The biggest tractors then available on the U.K. market were between 120 and 150 hp.

But this week tractors of up to 215 hp, costing more than £23,000 were being sold at Earls Court. Mobile green pea harvesters costing a similar amount have been bought by some of my own farming acquaintances in East Anglia in the last few months, and the latest and fastest sugar beet harvester to arrive in this country from France retails at about £33,000.

Such a high outlay can perhaps be justified by syndicates in which a number of farmers co-operate to grow and harvest a given crop. Alternatively agricultural contractors, who can gear up to work 24 hours a day when conditions are right, can make the most of the enormous capability of such tackle and show a return.

But several individual big acreage farmers are also said to be showing interest in the monster tractors. One man on a 200 h.p. machine can do the work of two driving 100 h.p. ones.

The incentive for these farmers is a continuing desire to farm with less labour as wages increase and because they believe planned legislation on tied cottages threatens farming systems which rely on large gangs of men.

Whether their reactions are entirely rational and economic is debatable. Legislation on tied cottages seems certain in the current session of Parliament, but it is unlikely that it will have the severe immediate effect of disrupting the farm labour force, which some farmers fear. Indeed, the Minister of Agriculture, Mr. Fred Peart, stressed at Smithfield Show this week that the measures would be "sensible."

The cost of buying themselves out of potential trouble, in the case of the 215 h.p. model, is nearly £107 per h.p. against about £60 in the case of more run-of-the-mill tractors of 60 to 90 h.p.

Another factor which should not be ignored is that, while farm wages have risen by 28 per cent. in the past year, the price of most makes of tractors has gone up by 30 to 40 per cent.

It could be argued, therefore, that with machinery costs rising faster than labour, and in view of the latest increase in fuel prices, it is time to think carefully about the balance between manpower and mechanisation.

Nevertheless, there is no doubt that the trend towards bigger horsepower in the lower power ranges of tractors will continue. In 1960, when I bought tractors at less tha £20 per h.p. models in the 35 to 45 h.p. range accounted for 60 per cent. of the U.K. market. This year, the new models in that range are only running at around 20 per cent. of the market and the same is true across Europe.

Russian-made

Cost conscious farmers in London this week were looking for maximum performance at lowest cost; inevitably, they were attracted by tractors from Eastern Europe. Russian-made machines—now marketed by an established dealer network in the U.K.—were being offered with four-wheel drive at about the same price as British two-wheel drive models of similar horsepower.

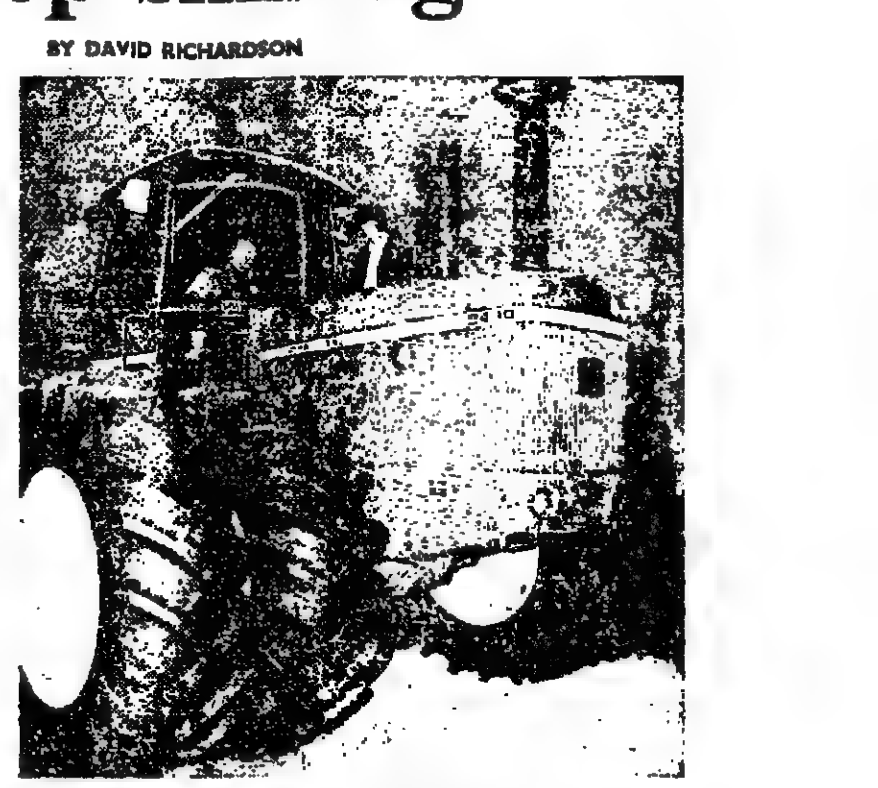
British agricultural machinery manufacturers are justifiably proud of their export record, which includes the sale of £245m. worth of tractors. But increasing imports of foreign tractors must be causing considerable concern to the home industry.

But there appeared to be enough money around, at least in some sectors of agriculture, to keep the Show salesmen smiling. Some reported increased business of 50 per cent. and more on last year, and already there is talk of waiting lists for some popular items.

Most agreed, however, that farmers with ready cheque books and anxious to spend were limited to those who grew potatoes or perhaps kept pigs.

The salesmen would do well to make the best of their good fortune because it is unlikely to last. Pig profits will drop as numbers increase and it is almost inconceivable that potato yields will be as disastrous in 1976.

Legislation requiring tractors to be fitted with new quiet safety cabs will come into force next June.



The biggest tractor on sale in Britain introduced at the show—215 h.p. John Deere double-wheel model costing over £23,000. It also boasts an air-conditioned cab complete with eight-track stereo tape player, radio and insulated lunch box.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Eased afresh on the London Metal Exchange. After initial steadiness which reflected further West German consumer demand and took forward metal to £582, prices gave ground owing to lack of follow through coupled with general liquidation and stop-loss selling. Forward metal fell to £576 but then rallied owing to the steady opening of Comex to end at £578.5 on the afternoon kerb. Turnover 15,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Wirebars	£	£	£	£
Cash	558-.5	—2	558-.5	—2.25
3 months	578-.5	—2	578.5-9	—2
Settlem't	558.5	—2	—	.....
Cathodes				
Cash	544.5-5	—3	545.5-6.5	—1.75
3 months	564.5-5	—2.75	565.5-6.5	—1.75
Settlem't	545	—3	—	.....
U.S. Prod.	—	.....	*63-63.7	.....

Amalgamated Metal Corporation reported that in the morning cash wirebars traded at £561, 58.5, 58, three months £581.5 to 78. Cathodes: cash £545, three months £565. Kerbs: Wirebars: cash £567.5, three months £578.5 to 78, 78.5, 77. Afternoon: Wirebars: cash £558, three months £578, 78.5, 78, 78.5, 78, 79.5, 79. Cathodes: untraded. Kerbs: Wirebars: three months £578.

TIN—Lower again. Prices were depressed from the outset following the further decline in Penang overnight but after falling to £3,090 forward metal was steadied by renewed short-covering against physical interest and also trade buying. It was not thought that there was any fresh buying on behalf of the buffer stock manager in cash metal, although that price was held steady above the £3,000 level. Turnover 845 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	3023-4	+4	3021-2	—11
3 months	3093-5	+4.5	3091-2	—8.5
Settlem't	3024	+4	—	.....
Standard				
Cash	3023-4	+4	3021-2	—11
3 months	3093-5	+4.5	3091-2	—8.5
Settlem't	3024	+4	—	.....
Straits E.	‡3940	—5½	—	.....
New York	—	.....	*297.0	

Morning: Standard: cash £3,020, 22, 23, 24, 23, three months £3,090, 92, 95, 93, 92, 93. High Grade untraded. Kerbs: Standard, three months £3,093. Afternoon: Standard: cash £3,022, 21, 22, three months £3,093, 94, 93, 91, 92, 91. High Grade untraded. Kerbs: Standard: cash £3,023, three months £3,091.

LEAD—Above the lowest. Prices were initially lower but then recovered owing to renewed trade buying in part prompted by the tightness of scrap metal. Turnover of 11,450 tonnes was swelled by carries.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	162.5-.75	—.125	162.75-3	—.625
3 months	170-.25	—.5	170.25-.5	—.375
Settlem't	162.75	—.25	—	.....
N.Y. Spot	—	.....	19-22½	.....

Morning: cash £163, 62.5, 62.75, 62.5, 62.75, early Feb. £166, three months £170.25, .70. Afternoon: early Feb. £166.5, three months £170.25, 70.5, 70.25.

ZINC—Irregular. Prices ended the day showing little overall change in a fair two-way trade. Canada's Cominco has now changed its European producer price to a dollar quotation. Turnover, including carries, 17,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	329.5-30	+.25	329.5-30	+.375
3 months	342.25-.75	.....	342-.25	+.25
S'ment	330	+.25	—	.....
Prm. West	—	.....	*38½-9	.....

Morning: cash £331, 30, three months £343, 44, 43.5, 43, 42.5. Kerb: three months £342.5. Afternoon: cash £329.5, three months £342.5. Kerb: three months £342.25, 42, 41.5, 41.25.

* Cents per pound. † On previous unofficial close. ‡ SM per picul.

SILVER

Silver was fixed 2.75p an ounce lower for spot delivery in the London bullion market at 202.25p. U.S. cent equivalents of the fixing levels were: spot 405.4c, down [illegible]; three months 417.1c, down [illegible]; six months 425c, down [illegible]; and 12-month 441.7c, down [illegible]. The metal opened at 201¼-202¼p (406-407c) and closed at 199.7-200.7p (403-404c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	202.25p	—2.75	199.95p	—2.85
3 months	208p	—2.7	205.15p	—2.4
6 months	214.3p	—2.8	—	.....
12 months	227.9p	—2.8	213.7p	—2.85

LME—Turnover 293 (290) lots of 10,000 ozs. Morning: Three months 207.5, 07.7, [illegible]. Kerbs: Three months 207.5, 07.3, 07.5. Afternoon: Cash [illegible], three months 205, 05.2, 05.3, 04.5, 04.8, 05. Kerb: [illegible], 05.1, 05.0.

COCOA

Prices steadied on moderate speculative buying and shortcovering, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. 4 Contract			
Dec.	662.0-63.5	+4.5	665.5-73.0
March	652.0-53.0	+7.25	655.0-45.0
May	627.5-28.0	+7.5	630.0-26.5
July	622.5-24.0	+7.75	625.0-17.0
Sept.	615.0-16.0	+6.0	615.0-08.0
Dec.	604.0-06.0	+6.25	610.0-05.0
March	604.0-06.0	+6.25	—

Sales: 2,391 (2,681) lots of 10 tonnes. International Cocoa Agreement prices (U.S. cents per pound): Daily price Dec. 3: 53.96 (54.71); Indicator price Dec. 4: 15-day average 54.86 (54.71); 22-day average 55.08 (55.20).

FREIGHTS

DRY CARGO—Grain chartering was still modest, but with little change in rates.

Cargoes of grain were arranged from Mississippi River to Antwerp/Hamburg range at [illegible]. Cargoes of grain were also from [illegible] to Valencia and Seville at [illegible] and from U.S. Gulf to Guayaquil at [illegible] and [illegible] for Dec. U.S. Gulf to Puerto Cabello or Maracaibo at [illegible] f.i.o. for Dec.

Elsewhere, two wheat cargoes were covered from U.S. N. Pacific to S. Korea at $14.50 free discharge for Dec. and Dec./Jan. In the coal section, business developed from Hampton Roads to Cont. at $4.50 free discharge for Dec./Jan. and from same loading area to Antwerp/Hamburg range at $4.65 free discharge for mid-Jan.

COFFEE

Robusta futures opened higher than some market quarters had expected. This reflected speculative interest stimulated by the possibility of an overspill of sentiment from U.S. grain markets, expected to be sharply higher on reports from Moscow of a poor grain harvest. Prices later eased under profit-taking.

Prices after lunch attracted some follow-through speculative buying in front of the opening in New York which took prices to the day's highs. But when U.S. markets did not react as strongly as expected to the Soviet grain news, long liquidation orders there gave the market a barely steady appearance.

Arabicas finished unchanged to 125 points higher.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	738-740	+0.5	742-736
March	738-739	.....	742-738
May	740-741	+1.0	743-739
July	745-746	+1.5	748-744
Sept	750-751	+1.5	754-750
November	754-755	+1.0	759-755
January	756-758	+0.5	—

Sales: 687 (198) lots of 5 tonnes.

Latest published ICO indicator prices, U.S. cents a pound. Colombian Mild Arabicas 89.75 (same). Other Mild Arabicas 79.00 (79.25). Unwashed Arabicas Santos Fours 84.00 (same). Robustas 71.60 (71.44). Daily average 83.29 (83.31).

ARABICA CONTRACT (in order: buyer, seller, sales)—Dec. 90.00-95.00, Nil; Feb. 89.10-89.80, 1; April 89.60-89.80, 13; June 90.00-90.10, 8; August 90.00-91.00, nil; Oct. 90.00-92.50, nil; Dec. 90.50-93.00, nil. Sales 22.

RUBBER

VERY QUIET closing on the London physical market.

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
Jan.	38.00-38.50	38.25-38.75	38.00
Feb.	38.50-38.80	38.80-37.10	—
Jan.-Mr.	38.75-38.80	38.95-37.10	38.80-38.50
Apr-June	37.90-37.95	38.25-38.50	37.85
Jly-Sept	38.90-38.95	39.25-39.50	38.94-38.90
Oct-Dec	39.95-40.00	40.25-40.40	41.00
Jan-Mr.	40.95-41.00	41.50-41.55	41.00
Ap-Jun.	41.50-41.80	41.95-41.95	—
Jly-S'pt	41.80-42.00	42.15-42.20	41.95

Sales: 69 (145) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 35.0p (35.25); Dec. 35.5p (34.0); Jan. 34.25p (34.75).

SOYABEAN MEAL

Market soared on news of Russian crop disaster which could have bought buying for animal feedstuffs. Lack of enthusiasm in Chicago failed to sustain early buying strength, reports S.N.W. Commodities.

	Yesterd'ys Close	+ or —	Business Done
	£ per tonne		
December	84.00-88.00	+3.5	—
February	87.00-87.30	+0.6	88.0-87.0
April	88.70-88.25	+0.6	89.1-88.1
June	88.85-90.10	+0.55	89.0-89.8
August	88.80-90.30	+0.8	—
October	90.30-91.35	+1.0	—

Sales: 107 (73) lots of 100 tonnes.

GRAINS

THE BALTIC—Imported grain prices generally showed little change in quiet trading conditions. Sellers showed increased reserve, however, on prospects of the Soviet grain crop being much lower than previously forecast. Optional maize met a limited offtake for Jan. transhipment to East Coast ports and a small tonnage also sold for Dec. to Southern Ireland.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., Jan. £99.65, Feb. £100.30, March £101.00 direct Tilbury April-mid-May £100.40, May £100.20, June £100.60, July £100.90 transhipment East Coast. EEC feed Dec. £63.00, Jan. £64.00 transhipment East Coast.

Maize—No. 3 Yellow American/French Dec. £66.25, Jan. £67.75, Feb. £68.25 transhipment East Coast seller. South African White Jan. £68.25, Feb. £68.50, March £68.75 U.K. South African Yellow Jan. £67.25, Feb. £67.50, March £67.75 U.K.

Barley—EEC feed Dec. 68.50 West Coast. Rest unquoted.

MARK LANE—Domestic grain prices generally showed little change in fair trading activity. Milling wheat changed hands in London at £64 for Dec., at £66 and £65.75 for Jan. and at £69.50 for April-June. Denaturable quality wheat traded in East Anglia at £66 for Feb. and at £68.50 for April-June. Feed barley met a moderate inquiry and business included Feb.-Mar. delivery to Avonmouth at £63.75 and April-June delivery in East Anglia at £67.50 per long ton. Average sellers quotations per long ton for delivery London area: Wheat milling Dec. £64, Jan.-Mar. £66.50. Denaturable Dec. £64.50, Jan.-Mar. £65.50. Barley feed Dec. £63.00.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Jan. 64.75, Mar. 66.75, May 68.25, Sept. 66.55, Nov. 68.25. Business: Jan. 65.00-64.65, Mar. 67.00-66.60, May 68.40-68.05, Sept. 66.55-66.20, Nov. 68.15-67.80. Barley, steady. Close: Jan. 63.25, Mar. 65.35, May 67.10, Sept. 65.40, Nov. 67.35. Business: Jan. 63.60-63.20, Mar. 65.75-65.30, May 67.40-67.00, Sept. 65.40-65.25, Nov. 67.40-67.20.

HGCA—Location ex-farm spot prices: Soft milling wheat—South Lincoln £61.95. Feed wheat—South Lincoln £61.20; Wiltshire £63.70. Feed barley—South Lincoln £60.15; Wiltshire £61.70.

EEC DAILY IMPORT LEVIES and premiums effective Dec. 5 (in order current levy plus Jan., Feb. and March premiums, with previous in brackets). Rates in units of account per tonne: Common wheat—32.89, rest nil (32.89, rest nil). Durum wheat—82.70, rest nil (82.70, rest nil). Rye—41.35, rest nil (41.35, rest nil). Barley—30.28, rest nil (30.28, rest nil). Oats—14.92, rest 2.42 (14.92, rest 1.61). Maize (other than hybrid for seeding)—30.00, rest nil (30.11, rest nil). Buckwheat—nil, 1.20, 1.20, nil (nil, 1.20, 1.20, nil). Millet—22.28, rest nil (23.47, rest nil). Grain sorghum—28.09, rest nil (28.30, rest nil). Levies for flours: Wheat or mixed wheat and rye—65.35 (65.35). Rye—77.21 (77.21).

SUGAR

LONDON DAILY PRICE (raw sugar) £148 (same) a ton c.i.f. for Dec.-Jan. shipment. White sugar daily price was fixed at £165 (£168).

Short covering at the opening carried March to £154.00. When the buying had been satisfied, however, sellers were forced to offer prices down. Values rallied later but the better levels could not be held and closing prices were at or near the lows of the day, C. Czarnikow reports.

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
March	150.75-51.00	149.85-49.70	154.00-48.50
May	152.50-52.70	151.45-51.50	154.80-50.00
Aug.	155.70-55.75	152.50-52.50	156.25-51.75
Oct	154.00-54.10	152.85-55.50	155.50-55.00
Dec	154.50-55.50	154.45-54.50	155.50-54.25
March	155.00-56.00	154.05-54.50	155.75-54.50
May	155.00-58.50	154.00-55.50	—

Sales: 2,177 (3,864) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £212.20 (same) a long ton for home trade and £235 (same) a long ton for export.

EEC IMPORT LEVIES for white and raw sugar, denatured and non-denatured, effective December 5. Figures in Units of Account per 100 kilos (previous in brackets): White—8.40 (7.91): Raw—7.22 (unchanged).

WOOL FUTURES

LONDON—Market featureless, Bache reports.

Australian Greasy wool	Yesterd'ys close	+ or —	Business Done
	(Pence per kilo)		
December	172-78	+0.5	—
March	177-79	—1.5	178.0
May	180-85	—0.75	—
July	183.5-87.5	—0.5	—
October	191-92.5	.....	192.0-91.5
December	194-95	+0.5	194.5-94.0
March	195-98	+[illegible]	—
May	196-200	[illegible]	—

Sales: 11 (nil) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business)—Dec. 252.8-253.0, 255.0-250.0; March 255.0-256.0, 257.0-252.5; May 273.0-273.2, 275.5-271.0; July 278.0-278.5, 279.5-278.5; Oct. 282.0-284.0, 284.5-280.0; Dec. 287.0-288.0, 289.0-286.0; March 289.5-290.0, 291.5-288.0; May 289.0-291.0, 293.0-289.0. Sales: 523.

BRADFORD—The market was very strong with prices rising in response to sharp increases in wool sale values and to spasmodic demand. Willingness to pay higher prices was more evident on the export side than in the home trade. Crossbred tops showed all-round increases of up to 10p on the week, and merinos were frequently up by 5p or more.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 36.0 to 39.0. English hindquarters (heavy) 40.0 to 41.5. Ulster hindquarters 41.0 to 44.0, forequarters 27.0 to 29.0. Eire hindquarters 41.0 to 43.0, forequarters 27.0 to 29.0.

Veal—Scotch bobbies 14.0 to 18.0. Dutch hinds and ends 78.0 to 82.0, higher quality hinds and ends 83.0.

Lamb: English small 28.0 to 30.0, medium 30.0 to 36.0, heavy 28.0 to 31.0, Scotch medium 30.0 to 32.0, heavy 26.0 to 30.0, Hill 28.0 to 35, higher quality hill 36.0. Imported frozen N.Z. D's 33.0 to 33.5, 2's 31.0 to 31.5, 8's 29.0 to 29.5, YL's 29.5 to 30.0.

Ewes: 15.0 to 19.0, higher quality 21.0.

Pork: English under 100 lbs 33.0 to 39.5, 100-120 lbs 32.0 to 38.5, 120-160 lbs 31.5 to 37.5, 160-180 lbs 30.0 to 34.0, 180 lbs and over 29.0 to 31.0.

MEAT COMMISSION—Average fatstock prices at representative markets on Dec. 4: U.K.—Cattle £21.85 per live cwt (+0.07); Sheep 38.6p per lb e.d.c.w. (+1.5); Pigs £4.96 per sc. l.w. (—0.13). England and Wales—Cattle numbers up 8.7 per cent., average price £22.05 (+0.14); Sheep numbers up 19.5 per cent., average price 38.0p (+2.1); Pig numbers up 1.6 per cent., average price £4.96 (—0.12). Scotland—Cattle numbers up 6.3 per cent., average price £23.48 (+0.72); Sheep numbers up 35.0 per cent., average price 38.0p (+3.0); Pigs nil.

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Spanish: 2.00-3.00; South African 2.00-2.20. Satsumas Spanish: per tray 2.30-2.40. Lemons—Italian: 3.60-4.00; South African: 3.00-4.00; Greek: 3.00-3.60; Turkish: 2.40-2.50; Cypriot: 4.00-4.50, 4/5 boxes 3.00-3.30. Grapefruit—Dominican: 2.00-2.30; Cypriot: 2.20-3.20; Jaffa: 2.70-3.30; Florida: Ruby 3.60. Apples—French: per 20 lbs Golden Delicious 72/84 1.50-1.70, per 20 lbs Starking 1.80. Granny Smith 72/84 2.20-2.50; Danish: Per pound McIntosh 0.10. Pears—Italian: Per pound Williams 0.11, Passacrassana 0.09-0.10. Pineapples—South African: 9/15 2.70-3.00. Bananas—Per 28 lbs Windward Islands: 2.70; Jamaican: 2.60.

English produce: Mushrooms—Per pound 0.25-0.30. Lettuce—Per 12, round 0.70-0.75. Potatoes—Per 56 lbs 2.90, Edwards 3.10-3.20. Cabbages—Per bag Primo 0.80-0.90. Apples—Per pound Cox's Orange Pippin 0.06-0.11, Russets 0.06-0.07, Bramley's 0.07-0.09, Derbys 0.06. Celery—Per 12 0.80, pre-packed 20-25 2.40-2.50. Sprouts—Per pound 0.07-0.08. Beetroot—Per 12 lbs 0.60-0.70. Onions—Per 56 lbs 3.00-3.40. Swedes—Per 28 lbs Devon 0.50-0.60. Carrots—Per 26 lbs 0.60-0.70. Pears—Per pound Conference 0.10-0.11, Comice 0.12. Cauliflowers—Per 12, Lincoln 1.60, Kent 2.00-2.40.

JUTE

DUNDEE—Steady. Prices c and f U.K. for Dec.-Jan. shipment: BWB £195, BWC £188, BWD £181. Tossa: BTB £197, BTC £190, BTD £183. Calcutta goods quiet. Quotations c and f U.K. for Dec. shipment 10-oz. 40-in. £6.96, 7½-oz. £5.22 per 100 yards. January £7.07 and £5.31, Feb./March £7.19 and £5.46. "B" twills: £21.58, £21.64, £21.69 for the respective shipment periods. Yarn and cloth firm.

LONDON—Quiet. Bangladesh White "C" grade Dec.-Jan. £195. "D" grade Dec.-Jan. £188. A long ton.

CALCUTTA—Steady. Indian Spot Rs.450.00 value. Dundee Daisee Spot Rs.450.00 value. A bale of 400 lbs.

★

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 667 tonnes, bringing the total for the week so far to 2,109 tonnes. Persistent demand covering a wide variety of growths was encountered. Spinners put down forward requirements on a broader basis, especially Middle Eastern and South American cotton, F. W. Tattersall reports.

★

GRIMSBY FISH — Supply moderate, demand good. Prices at ships side (unprocessed):— per stone: Shelf cod £1.80-£3.30, Codlings £2.20-£3.00, Large shelf haddock £2.90-£3.20, Medium shelf haddock £2.30-£2.80, Small shelf haddock £1.80-£2.20, Large plaice £3.00, Medium plaice £3.50, Best small plaice £2.40, Medium skinned dogfish £2.70, Large £4.00, Lemon soles £5.50, Rock fish £1.70-£1.90, Reds £1.70-£1.80, Saithe £1.60-£1.90.

PRICE CHANGES

Prices per ton unless otherwise stated.

	Dec. 4 1975	+ or —	Month ago
Metals			
Aluminium (w)	£396	.....	£396
Free Market (cif)	£335-345	.....	£505-520
Copper			
Cash Wire Bars (w)	£558.25	—2.25	£587.75
3 months do. do. (w)	£578.75	—2.0	£608.75
Cash Cathode (w)	£546	—1.75	£575.5
3 months do. (w)	£566	—1.75	£594.75
Gold.........Troy oz.	$139	—0.25	$146.25
Lead Cash (w)	£162.875	—0.625	£167.75
3 months (w)	£170.375	—0.375	£175.625
Nickel (w)	£2,415	.....	£2,381
Free Market (cif)(lb)	$1.8 1.98	+0.015	$1.81-1.9
Platinum...troy oz.	£77½-82½	.....	£75½-80½
Free Market	£70.5	—0.15	£71
Quicksilver(76lb)(a)	$78-82	.....	$84.88
Silver Troy oz.	202.25	—2.75	214.9p
3 months	208p	—2.7	221.7p
Tin Cash (w) §	£3,021.5	—11.0	£3,047.5
3 months (w)	£3,091.5	—9.5	£3,096
Wolfram 22.04lb. cif	£42.5-44	.....	£40-42
Zinc Cash (w) §	£329.75	+0.375	£350.875
3 months (w)	£342.125	.....	£361.75
Producers (w)	£390	.....	£390
Oils			
Coconut Malayan	‡	.....	‡
Groundnut			
do.	£382	.....	£411
Linseed Crude (w)	£377	.....	£400
Palm Malayan (a)	£187	+7.0	£185
Soyabean (w)	‡	.....	‡
Seeds			
Copra Philipp ton	$212.5	+2.5	$195
Gr'nuts Nigerian	‡	.....	‡
Linseed Can No. 1	£157	.....	£153.5
Grains			
Barley EEC	£68.5	.....	‡
Home Futures	£65.25	+0.15	£60.15
Maize			
French No. 3 Am.	£66.25	.....	£65.75
S.A. Yellow	£67.25	.....	£71.5
Wheat			
No. 1 Red Spring	‡	.....	‡
No.2 HardWinter	‡	.....	‡
Australian(f.a.q.)	‡	.....	†
English Milling	£64	.....	£65.5
Cocoa Shipment (w)	£685	+4.0	£685
futures March	£652.5	+7.25	£641.75
Coffee Shipment (c)	‡	.....	‡
futures Mar. (w)	£738.5	.....	£709
Cotton 'A' Index			
cent	56	+0.2	55.2
Jute LJABWC (d)	£195	.....	£195
Rubber.........kilo	35p	—0.25	32.75p
Sisal EA3L(w)	$560	.....	$600
Sugar (Raw)	£148	.....	£168
Wooltops 64s....kilo	210p	+3.0	204p
Cloves (Madagascar)	£2,480	.....	£2,600
Pepper White...ton	£950	.....	£940
Black ...ton	£740	.....	£735

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h Nov. w Metric tons. r September. w Nov.-Jan.

FINANCIAL TIMES

Dec. 4	Dec. 3	Month ago	Year ago
160.51	160.19	172.27	190.81

(Base: July 1, 1952=100)

REUTER'S

Dec. 4	Dec. 3	Month ago	Year ago
1141.9	1143.5	1148.1	1207.3

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	Dec. 4	Dec. 3	Month Ago	Year ago
Spot	291.12	289.56	295.78	399.45
Futures	280.43	279.65	284.71	378.28

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 4	Dec. 3	Month ago	Year ago
Sple Commty	745.2	741.1	737.4	842.0

(Dec. 31, 1931=100)

★

COPRA—Philippines: Dec. $212½, Jan. $215½ resellers per tonne c.i.f. North Euro ports.

U.S. Markets

Early rise in grains reversed

NEW YORK, Dec. 4.

GRAINS opened firm and moved higher on news of Russian crop shortage, but finished near unchanged on commercial and local selling. Failure of grains follow-through prompted renewed liquidation in precious metals. Sugar opened higher on Commission House short-covering following Russian news and eased during day on lack of grains follow-through, Bache reports.

Cocoa—Ghana spot 70½ (same), Bahia spot 62 (same). Dec. 50.55 (50.45), March 53.90 (53.05), May 54.05, July 53.65, Sept. 52.35, Dec. 51.45, March 50.70, May unquoted. Sales: 1,314.

Coffee—Dec. 79.50-80.15 (80.25), March 79.50-79.45 (79.68), May 80.05, July 80.70-80.50, Sept. 81.50-81.75. Sales: 250.

Copper—Dec. 52.50 (52.55), Jan. 53.10 (52.50 settlements), Feb. 53.50, March 54.00, May 55.10 settlements. Sales: 1,958 lots.

Cotton—Dec. 54.90-55.00 (55.65), March 57.15-57.25 (57.30), May 58.15, July 58.60, Oct. 57.20, Dec. 56.10-56.50, March 56.60-56.80, May 56.65 bid. Sales: 2,050.

♣Gold—Dec. 136.10 (136.00), Jan. 137.60 (138.50), Feb. 139.00, April 140.50, June 142.00, Aug. 143.60, Oct. 145.20, Dec. 147.10, Feb. 148.90, April 150.70. Sales: 1,429.

Greasewool—Spot 169.0 nom. (same), Dec. 162.0-169.0 (160.0), March 162.0-164.0 (164.4), May 158.0-160.0 July 154.0-161.5, Oct. 136.0-150.0, Dec. 135.0-139.0, March 152.0-160.5, May 149.0 bid.

†Lard—Chicago loose 19 nom. (same), NY prime steam 20½ nom (same).

††Maize—Dec. 269-269½ (269-269½), March 278½-275 (277-277½), May 282½-282¾, July 284½-285, Sept. 251½, Dec. 273, March 280.

‡Platinum—Jan. 143.70 (143.60), April 146.70 (146.50), July 149.70-149.50, Oct. 153.00-153.10, Jan. 155.30-156.50, April 158.50-160.00. Sales: 109.

‡‡Silver—Spot 405.30 (405.70), Dec. 401.30 (403.00), Jan. 402.70 (404.10), Feb. 405.40, March 409.20, May 414.50, July 421.40, Sept. 425.00, Dec. 436.10, Jan. 441.40, March 448.20. Sales: 27,110.

*Soyabeans—Jan 492-481 (491½), March 500-501½ (500½), May 509-509½, July 515-517½, Aug. 520½, Sept. 523-525, Nov. 526, Jan. 535.

bSoyabean Meal—Dec. 137.50-138.50 (135.60), Jan. 138.00-138.50 (137.20), March 140.30.

Soyabean Oil—Dec. 17.90-17.85 (17.68), Jan. 17.90-17.75 (17.65), March 17.95-17.90, May 17.95, July 18.00-18.05, Aug. 18.05-18.00, Sept. 18.00, Oct. 18.00, Dec. 18.00-18.05.

Sugar—Spot 12.45 (12.25), Jan. 12.56 nom. (12.40), March 12.68-12.65 (12.56), May 12.75-12.72, July 12.79-12.76, Sept. 12.90-12.86, Oct. 12.93-12.91, March 13.05-13.02, May 13.05-13.02. Sales: 2,158.

Tin—287.00-307.00 asked (297 asked).

**Wheat—Dec. 349-350 (343-343½), March 362½-362 (357-356), May 369-369½, July 370.

WINNIPEG, Dec. 4. ††Rye—Dec. 242 bid (241), May 255 (252), July 251 asked, Oct. 240 nom.

cOats—Dec. 163½ (160½) May 154½ (154), July 159 bid, Oct. unquoted.

§Barley—Dec. 245 (242), May 239½ (236½), July 234 nom., Oct. unquoted.

dFlaxseed—Dec. 642 (636½), May 659½ (657), July 663½, Oct. 663 bid.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 498 (498½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. ♣ $'s per troy ounce—100 ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. ‡ New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Equities above worst after unsettled day in markets

Share index down 3.9 at 364.2—Golds move up

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov. 17	Nov. 27	Nov. 28	Dec. 9
Dec. 1	Dec. 10	Dec. 11	Dec. 22
Dec. 12	Dec. 23	Dec. 24	Jan. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Conditions in equity markets continued to be unsettled yesterday following the fresh overnight setback on Wall Street. Recent buyers of the leaders held back and prices drifted lower on scattered offerings. A small technical rally in the afternoon left quotations a few pence above the worst and the FT 30-share index, which touched its lowest of the day at 1 p.m. with a fall of 5.2, closed 3.9 lower on balance at 364.2. Turnover throughout the day was very light. The slightly better trend which became apparent in the late dealings may have been helped by talk in some quarters of a further small reduction in Minimum Lending Rate to-day.

British Funds showed more signs of life. Short-dated stocks gained a little further ground, while initial losses of ½ in the longs were pared to ¼ by the close. The Government Securities index shed 0.08 to 58.10.

Secondary issues took their cue from the leaders, this being reflected in a 3-1 majority of falls over rises in FT-quoted Industrials and a reaction of 1.3 per cent. to 153.97 in the FT-Actuaries All-Share Index. Once again, company trading statements provided quite a lot of interest. Official markings of 8,744 compared with 6,412 on Wednesday and 6,348 a week ago.

Funds divergent

Diverse trends were again evident in Gilt-edged. The shorts and a few mediums made further limited headway, but longer-dated issues slipped ½ before rallying to close ¼ lower generally. Switching into Treasury 11½ per cent., 1981, coupled with straight demand, absorbed the stock, remaining with the Government broker who also exhausted his supplies of another previous "tap," Treasury 9 per cent., 1978, "B." The tendency at the shorter end possibly reflected hopes of another small fall in Minimum Lending Rate to-day, while the longs may have been subdued by to-day's debut of the new long "tap," Treasury 13¼ per cent., 1997, "A" stock.

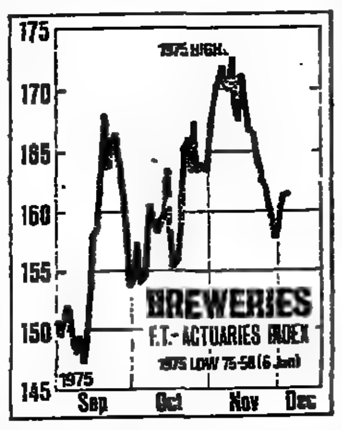
Although business was rather sparse, the investment currency market became more volatile and the premium rose to 116¾ per cent., its highest ever on the fixed $2.60 parity, before reacting to close a net ¼ up at 114½ per cent. Among Canadians, Bank of Nova Scotia was quoted ex the "rights" issue with the old at £33, up ¾, and the new nil-paid shares at 44p premium. Yesterday's SE conversion factor was 0.3959 (0.6029).

Banks easier

Buying interest waned considerably in the big four Banks and, with the occasional small seller appearing, prices drifted down. Although closing a couple of pence above the day's lowest, falls still ranged to 6, as in Lloyds at 237p. Standard and Chartered, in Overseas issues, continued to be buoyed by Tuesday's excellent half-year figures and rose 5 more to 485p, for a three-day gain of 25. Among easier Hire Purchases, Lloyds and Scottish receded 3 at 69p and Provident Financial gave up 2 to 76p.

Insurances turned easier with the general trend. Pearl declined 6 at 218p and "Royals" were a like amount lower at 300p, while Sun Alliance shed 5 to 428p. Wall Street influences again depressed Combined Insurance Company of America, which fell 70 to 820p.

Easier at 96p in front of the results, Bass Charrington picked up well on the better-than-expected preliminary profits to close a penny up on balance at 99p in narrowly mixed Breweries. Buckleys were also a penny better at 35p following higher first-half profits. Arthur Guinness, however, cheapened a penny to 135p: the results are due next Thursday. After touching 127p, Distillers rallied late to finish unaltered at 129p.



Apart from Burnett and Hallamshire, 4 up at 70p on the higher interim profits, Buildings generally gave ground. Armitage Shanks, at 63p, gave up 3 of the previous day's rise of 10 which followed the interim report, while Tunnel "B," 182p, and A.P. Cement, 177p, shed 6 apiece. London Brick eased 2 to 37p. The Australian-based A. V. Jennings retreated 8 to 143p.

ICI closed unchanged on the day at 314p, after 312p. Elsewhere in Chemicals, British Benzol moved up 5 to 26p on vague bid talk. Coalite and Chemical, however, finished a fraction easier at 21p after the half-yearly report.

Racal Elect. strong

The cheering half-year report brought marked firmness to Racal Electronics, which shot ahead in active trading to close 28 up at a 1975 high of 212p. Fresh talk of a possible bid from Racal accompanied a late rise of 8 to a peak for the year of 101p, in Muirhead, but both companies emphatically denied last night any truth in the rumours. Also attracting demand in Electricals were R. and A. G. Crossland, up 4 to a year's high of 20p. Philips' Lamp, in response to the better-than-expected interim dividend, closed 15 to the good at 850p, but other leading issues fluctuated narrowly in thin trading to close a little easier on balance. EMI were finally 2 down at 228p, after 232p, and BICC 3 softer at 115p.

Down to 180p in front of the interim figures, "Gussies" "A" rallied on the first-half profits to close only 3 easier on balance at 185p. Marks and Spencer ended a penny off at 100p, after 99p, and Debenhams finished 2 cheaper at 83p. British Home Stores new nil-paid shares were active and 4 easier at 56p premium. Mothercare were also on offer losing 6 at 170p. Vernon Fashion, at 46p, gave up the previous day's rise of 2 on the interim report, but S. Casket edged up 2 to 40p on the chairman's statement at the annual meeting. Publicity given to the W. H. Smith interim report brought selling pressure to bear on Newsagencies; the former's "A" shares lost 6 more at 340p, after 336p, for a two-day fall of 23, while losses of 7 were sustained by Martin the Newsagent, 135p, and John Menzies, 123p. NSS Newsagents eased 2 to 51p.

GKN were the chief casualty in Engineerings, losing 6 to 249p, while Tube Investments shed 4 to 294p and Vickers 3 to 145p. Other dull spots included Hall-Thermotank, down 4 at 57p, and Glynwed, which eased 3 to 99p. Coated Metals, on the other hand, rose 8 to 67p on the first-half recovery, and Westland picked up 3 to 50p following reports of a big Egyptian order for Lynx helicopters. Reflecting the midway setback Blakey's (Malleable Castings) eased 1 to 14p. Shipbuildings were reactionary apart from Vosper which finally hardened 1 to 61p after the statement clarifying which part of the company could be nationalised.

After Wednesday's fall of 18, J. Lyons "A" reacted afresh to 128p following Press comment on the interim figures before rallying to close unchanged on the day at 132p. Foods closed with modest net losses despite a late improvement. John Sainsbury were 2 cheaper at 131p, while Cavenham, 127p, and RHM, 49p, shed a penny apiece. Matthews Holdings eased 3 to 38p, but Associated Dairies hardened 2 to 210p for a two-day rise of 9. Geo. Bassett were supported up to 88p, a rise of 4: the interim figures are expected next Thursday.

Pilkington depressed

Pilkington showed keen disappointment with the half-year results, falling to 252p before recovering to 262p for a net loss of 12 on covering on short positions. Other miscellaneous Industrial leaders drifted easier on lack of interest, but rallied a little in places later. Losses of 4 occurred in Beecham, 333p, Turner and Newall, 145p, and Unilever, 404p, while Glaxo ended 3 off at 363p, after 362p, and Boots 2 cheaper at 130p, after 128p. Elsewhere, International Computers firmed 3 more to a peak for the year of 69p awaiting next Tuesday's annual figures. After Wednesday's improvement of 4, Pauls and Whites hardened a penny more at 77p on the advance in first-half profits. The South African Barlow Rand, on exchange rate influences, closed 8 up at 265p, after 268p. Renwick Group, on the other hand, receded 3 more to 15p in the reflection of the half-year loss and passed interim dividend. Royal Worcester lost 6 to 103p and Boosey and Hawkes 5 to 85p, while National Carbonising shed 2 to 18p. Dealings in British Steel Construction, 21p, were suspended yesterday at the company's request pending consideration of a planned capital reconstruction.

British Leyland closed 2 easier at 30p despite the return to work at the company's Oxford radiator factory. Associated Engineering shed 2½ to 73p, while Lucas Industries, 163p, and Dowty, 139p, lost 2 apiece. Volvo eased 1½ points to £24½. Garages also had an easier drift, Kennings losing 1½ at 52p and Henlys finishing 4 cheaper at 71p.

A drab day in Paper/Printings concluded with McCorquodale 3 easier at 213p, but Chapman (Balham) another 5 higher at 125p. Newspapers lacked interest and United drifted 5 lower to 230p.

Property leaders made another easier showing following a rather quiet trade. Land Securities, however, were fairly lively and 3 cheaper at 157p. English Property softened 2 to 46p and British Land a penny to 17½p, while MEPC, with results due December 18, closed unchanged at 63p, after extremes of 62p and 65p. Elsewhere, sharply higher first-half profits made little impact on Haslemere Estates, unchanged at 175p, after 177p. The "after-hours" results left Samuel Properties 1½ down at 20½p, while Control Securities reflected the loss for the year with a reaction of a penny to 9½p. Berkeley Hambro receded 6 to 79p, while Investment and Property Holdings shed 2 to 18p.

BP dip and rally

Third-quarter figures somewhat better than market anticipations and the absence of any fund raising proposals, which were considered possible by some observers, helped British Petroleum rally from 560p to 570p before a fractionally easier close of 567p. Shell were quiet and a little cheaper at 368p, after 366p, but Anglo-Ecuadorian rose 5 more to 69p, after 71p, on the bid approach. Transworld's disappointing North Sea Buchan Field tests made scant impression on partners, CCP North Sea Associates, ½ lower at £17, and Gas and Oil Acreage, unchanged at 120p. Elsewhere, Weeks Natural Resources jumped 6 further to 80p and Woodside-Burmah rose 8 more to 124p, but Siebens (U.K.) lost 15 to 240p. Publicity on the extended dollar borrowing guarantees and U.K. Government offer to buy the North Sea assets aroused little enthusiasm for Burmah, which remained at 32p.

Against the easier trend in Overseas Traders, South African Distilleries and Wines improved 30 to 420 in sympathy with a gain of 2 to 35½p in bidders Oude Meester. Mitchell Cotts improved a penny to 57p "after-hours" on the preliminary results. After Wednesday's rise of 30 on the good response to the "rights" offer, Harrisons and Crosfield rose further to 830p before closing unaltered on the day at 825p. Inchcape sustained a loss of 7 at 338p, while Booker McConnell ended 4 down at 162p and Lonrho 3 off at 117p, after 116p.

Trusts and Financials displayed no set trend. Lampa Securities hardened 2 at 76p, after 77p, on news that the company has sold a subsidiary for £743,000 cash. Dalgety edged forward 3 to 211p and Lubok Investments were a shade harder at 12½p. Akroyd and Smithers, however, receded 5 to 173p on renewed profit-taking and losses of 6 and 7 respectively were seen in Second Alliance, 150p, and Second British Assets, 131p.

A disappointing day's trade in Shippings ended with prices showing an easier bias. Furness Withy turned lower for the third consecutive trading day, closing a penny off at 185p, after 184p.

In mixed Textiles, Robert Farnworth lost a penny to 5p on the first-half loss and interim dividend omission, while falls of 3 were recorded in Allied, 72p, and Coats Patons, 60p. Bulmer and Lumb, on the other hand, picked up from a "House" close of 25p to finish 1½ dearer on the day at 27½p following the better-than-expected first-half profits. Victoria Carpet firmed a penny to 13p on good interim results. Tobacco leaders came on offer with Bats 3 off at 320p, after 318p, and Imps 1 easier at 80½p, after 79½p.

South Africans closed widely better. O.K. Bazaars "A" rose 30p to 740p, while Abercom Investments, 295p, and Rex Trueform "A," 320p, put on 10 and 20 respectively.

Golds move up

Despite the uninspiring performance of the bullion price, which fell 25 cents to $139 per ounce, after having been $138.50 at the morning fixing, South African Gold shares moved higher.

They were helped by improvement in overseas share markets, the firmer investment dollar and technical conditions in the movement of funds.

In a market short of stock jobbers marked up prices although they closed below the best, Golds still showed substantial rises. The Gold Mines index rose 7.4 to 236.8, its highest point since November [illegible].

Randfontein rose ½ to [illegible] news that the resumption of dividends is being deferred [illegible] of the gold-uranium [illegible] came after market hours.

Overseas-based Financials [illegible] ground helped by the [illegible] dollar premium and the [illegible] in Golds. "Amgold" [illegible] to £29 and Union Corporation advanced 10 to 415p, after [illegible] General Mining, a firm [illegible] of late, rose ½ to £24. The [illegible] based Finance houses [illegible] tended to ease, Gold Fields [illegible] 3 to 208p and Selection [illegible] to 460p.

Platinums were mixed [illegible] Coppers, Cape buying [illegible] sina 10 higher at 285p and [illegible] wana RST 2 up at 46p.

Despite the higher investment premium Australians were [illegible] reflecting the trend in overseas home markets. Peko-Wallsend reached a year's peak of [illegible] before closing at 490p, [illegible] of 20. Poseidon gained a [illegible] amount to 190p but [illegible] nental gave up 5 at 890p. [illegible] hall Finance retreated 3½ to [illegible]

In Tins, Killinghall advanced [illegible] to 150p on further consideration of the recent dividend news.

Elsewhere, Murchison gained [illegible] to 800p on Cape buying.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday, Dec. 4, 1975: Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. Dec. 3 Index No.	Tues. Dec. 2 Index No.	Mon. Dec. 1 Index No.	Friday Nov. 28 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	157.83	−1.4	16.67	6.05	9.00	9.00	159.84	158.07	154.60	155.51	55.28	143.23 (13/11)	51.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	131.54	−2.6	13.64	6.57	11.21	11.20	135.10	132.65	128.98	130.49	49.73	138.19 (13/11)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	247.95	−2.0	15.03	3.85	10.01	10.01	253.10	248.68	239.33	245.05	72.86	263.54 (12/11)	74.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	244.47	−1.2	16.70	4.74	8.77	8.77	247.32	244.11	238.07	236.79	101.63	254.66 (16/11)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	158.41	−1.0	20.44	7.55	7.46	7.46	160.07	157.80	156.84	153.90	71.23	164.07 (19/11)	64.39 (2/1)	209.57 (30/6/75)	64.39 (2/1/75)
6	Engineering (General) (63)	119.44	−0.8	18.44	7.03	8.13	8.13	120.56	119.44	116.66	117.83	49.78	123.15 (19/11)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	48.33	+0.1	17.47	8.74	10.32	10.32	48.29	48.21	47.46	48.23	21.55	50.91 (21/11)	20.11 (2/1)	136.70 (4/1/65)	19.96 (13/12/74)
8	Miscellaneous (24)	117.45	−1.4	17.66	6.81	8.51	8.51	119.06	117.80	115.55	115.60	34.65	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	112.87	−1.2	16.39	5.40	9.30	9.19	114.29	113.17	110.82	110.57	44.14	117.45 (12/11)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	125.22	−1.3	15.09	4.27	9.91	9.89	126.89	125.59	122.27	121.55	48.51	131.84 (10/11)	44.28 (6/1)	257.41 (13/5/72)	42.85 (12/12/74)
11	Household Goods (14)	163.86	−0.2	14.94	6.39	9.83	9.80	164.12	162.86	161.80	163.10	66.82	168.90 (19/11)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	66.95	−1.3	19.05	7.00	8.07	8.07	67.82	67.15	65.45	65.88	25.82	70.25 (13/11)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	146.49	−1.2	13.50	5.81	10.94	10.84	148.27	146.77	143.57	143.92	55.79	152.28 (18/11)	61.93 (6/1)	226.08 (18/3/72)	61.41 (13/12/74)
14	Breweries (15)	161.24	+0.1	12.70	6.37	11.82	11.02	161.12	159.51	157.75	159.04	75.75	172.53 (12/11)	75.56 (6/1)	281.87 (2/11/73)	69.47 (13/12/74)
15	Wines and Spirits (7)	159.25	−1.4	11.99	6.35	12.66	12.66	161.42	157.89	154.54	156.75	61.58	177.94 (9/7)	80.42 (6/1)	257.40 (13/7/72)	78.81 (13/12/74)
16	Entertainment, Catering (16)	181.44	−1.5	11.99	6.70	13.56	12.72	184.23	181.92	174.60	174.66	52.96	184.23 (3/12)	55.28 (6/1)	329.99 (12/12/72)	54.87 (13/7/74)
17	Food Manufacturing (22)	159.29	−0.7	13.32	6.12	10.50	10.47	161.05	160.42	157.74	158.08	63.65	166.80 (18/11)	62.03 (2/1)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (15)	142.20	−0.9	10.91	4.51	13.32	13.32	143.56	142.46	138.88	138.78	57.12	155.88 (10/11)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	160.35	−1.0	14.24	6.30	10.81	10.81	161.96	160.80	156.49	159.02	52.24	161.96 (3/12)	56.08 (6/1)	350.29 (12/1/72)	55.08 (2/1/75)
20	Packaging and Paper (13)	99.48	−1.4	18.16	7.67	6.71	6.71	100.90	100.63	98.86	98.36	48.11	107.12 (20/5)	43.46 (6/1)	135.69 (26/4/72)	45.46 (6/1/75)
21	Stores (33)	122.64	−2.0	12.20	5.52	12.55	12.55	125.10	123.60	120.93	120.70	67.17	132.94 (24/10)	50.63 (6/1)	204.39 (16/3/72)	52.63 (6/1/75)
22	Textiles (22)	155.59	−3.0	15.54	6.94	8.36	7.65	160.40	159.83	153.84	154.34	64.37	162.58 (12/11)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	212.47	−0.4	15.96	6.34	7.54	7.54	213.25	209.70	205.49	206.44	118.37	216.96 (18/11)	109.92 (6/1)	339.16 (2/2/72)	94.54 (13/6/62)
24	Toys and Games (6)	60.53	−0.4	25.29	6.56	5.99	5.99	60.75	60.48	60.06	60.43	23.87	65.76 (20/11)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (94)															
25	Chemicals (24)	189.28	−1.3	14.70	5.09	9.65	9.58	191.62	190.52	187.59	188.19	75.87	193.88 (24/11)	75.14 (6/1)	201.98 (21/1/69)	71.20 (1/12/74)
26	Office Equipment (10)	86.79	−1.9	16.36	5.06	9.15	9.15	88.47	88.08	86.82	87.79	30.82	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	378.08	−0.2	19.94	5.42	6.42	6.16	378.87	377.72	375.37	377.42	224.77	404.18 (13/11)	194.38 (6/1)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	149.51	−1.7	16.25	6.86	9.14	9.14	152.15	150.97	146.37	147.31	68.32	166.36 (15/11)	60.39 (6/1)	[illegible] (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	145.86	−1.3	14.94	5.89	9.82	9.76	147.77	146.55	143.12	143.70	63.43	151.53 (18/11)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	332.48	−0.4	15.61	4.99	7.16	6.41	323.57	325.52	321.17	321.13	123.75	338.16 (18/11)	105.85 (2/1)	451.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	160.58	−1.1	15.04	5.76	9.28	9.03	162.44	161.11	157.93	158.46	68.56	167.07 (13/11)	63.49 (6/1)	227.95 (16/6/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	132.13	−2.0	—	5.39	—	—	134.81	133.91	130.58	131.41	58.96	148.45 (20/5)	56.50 (6/1)	241.41 (1/4/72)	55.88 (13/12/74)
33	Banks (6)	165.65	−1.9	17.97	4.92	8.52	8.62	166.64	164.04	159.42	158.90	67.16	177.11 (6/6)	62.56 (2/1)	288.52 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	163.55	−1.4	—	7.84	—	—	165.81	164.29	162.21	163.52	89.29	171.18 (18/11)	84.13 (6/1)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	96.23	−0.6	—	5.59	—	—	96.83	94.33	93.42	91.40	48.34	154.39 (10/5)	42.81 (6/1)	433.79 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	115.36	−2.2	—	5.93	—	—	117.91	118.01	115.39	117.49	47.30	129.31 (12/11)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	105.00	−2.8	—	6.52	—	—	107.98	107.40	104.20	106.61	47.67	123.90 (20/5)	44.47 (2/1)	166.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (10)	220.04	−0.4	9.61	4.10	15.69	15.69	220.88	220.35	216.02	218.06	72.82	252.39 (18/11)	68.96 (7/1)	262.37 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (18)	84.72	−1.1	—	6.36	—	—	85.63	85.48	83.84	83.77	36.52	94.97 (7/5)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	154.51	−2.2	3.78	3.64	43.33	41.37	158.02	158.38	156.09	156.41	86.97	241.22 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (4)	79.10	—	12.67	6.12	12.61	12.46	79.10	78.11	76.79	80.14	35.40	80.81 (26/11)	34.78 (10/1)	303.15 (12/5/72)	33.39 (17/12/74)
42	Investment Trusts (50)	168.66	−1.9	3.99	4.94	33.60	33.48	171.85	171.32	168.62	170.49	75.00	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	153.97	−1.5	—	5.60	—	—	156.07	154.89	151.72	152.38	66.44	160.63 (15/11)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	373.47	—	17.39	8.98	8.82	8.81	373.47	378.60	376.64	377.80	293.37	525.43 (23/5)	281.66 (8/1)	556.37 (29/7/73)	84.68 (26/8/66)
45	Teas (9)	111.51	—	42.47	5.80	3.46	3.40	111.31	111.13	111.32	111.32	76.55	124.57 (11/11)	76.76 (10/1)	124.57 (11/11/75)	59.72 (17/10/74)
46	Coppers (3)	261.41	+0.8	46.23	6.57	2.16	2.16	259.45	257.21	261.04	263.84	370.39	467.74 (27/6)	253.37 (17/11)	567.78 (15/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	111.12	+0.2	10.78	4.80	10.47	10.47	110.81	110.14	108.43	108.37	89.07	141.34 (30/5)	80.58 (22/1)	175.90 (22/4/69)	66.31 (30/9/74)
48	Tins (8)	90.86	−1.1	13.77	9.94	10.36	9.75	91.90	91.67	92.06	96.40	60.23	114.49 (3/6)	58.91 (2/1)	125.43 (12/1/73)	54.83 (27/5/71)
49	Overseas Traders (13)	214.10	−1.0	15.66	4.86	8.17	8.16	216.37	216.49	210.12	211.16	[illegible]	[illegible]	[illegible]	[illegible]	97.37 (6/1/75)

	FIXED INTEREST	Thursday, Dec. 4: Index No.	Yield %	Wed. Dec. 3	Tuesday Dec. 2	Monday Dec. 1	Friday Nov. 28	Thurs. Nov. 27	Wed. Nov. 26	Tuesday Nov. 25	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.95	14.98	14.84	14.94	14.92	14.80	14.79	14.79	15.86	—	—	—	—
2	20-yr. Govt. Stocks (8)	45.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38.27 (5/1/75)
3	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	34.46 (4/12/74)
5	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	47.67 (6/1/75)

Section or Group / Base Date / Base Value [illegible]

† Redemption yield. [illegible] A list of the constituents of the FT-Actuaries [illegible]

Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p. [illegible]

RECLASSIFICATIONS: Elsco Holdings from Electricals to Miscellaneous Unclassified. Associated "A" from Tobacco to Stores. [illegible] from Merchant Banks to Insurance (Brokers). Crosby House has been deleted from Teas. † Corrected figure.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Racal Electronics	25p	21	212	+28	212	48
Pilkington	£1	12	262	−12	296	94
ICI	£1	11	314	—	323	118
Bt. H. Sts. "New"	Nil/pd.	10	56*	−4	76*	54*
Royal Insurance	25p	10	300	−6	320	106
BP	£1	9	567	−1	595	190
Distillers	50p	9	129	—	150	65½
GEC	25p	9	140	−1	147	51
GUS "A"	25p	9	185	−3	226	86
P & O Defd.	£1	9	107	−1	128	59½
Shell Transport	25p	9	368	−2	390	118
Spillers "New"	Nil/pd.	9	4½*	−¼	5½*	½*
Unilever	25p	9	404	−4	428	170
Barclays Bank	£1	8	298	−3	325	112
Bowater	£1	8	162	−1	179	50

* Premium.

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 25	Dec. 8	Feb. 19	Mar. 2
Dec. 9	Dec. 22	Mar. 4	Mar. 16
Dec. 23	Jan. 6	Mar. 18	Mar. 30

"Calls" were dealt in MEPC, Burton "A," Hoveringham R/V, Burmah Oil, Cons. Gold Fields, Triplevest Capital, EMI, Slater Walker, Cavenham Warrants, Town and City, Norwest Holst, Land Securities and Whessoe. "Puts" were done in Slater Walker, Burmah Oil and Thomson Organisation, while "doubles" were arranged in Burton "A," Thomson Organisation, R. and G. Cuthbert, Slater Walker and Burmah Oil.

Industrials		Guardian	20	Spillers	5	Shell	28
		G.K.N.	22	Tesco	6	Ultramar	20
A. P. Cement	15	Hawker Sidd.	27	Thorn "A"	20		
Assoc. Leisure	3	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	25	I.C.I.	31	Unilever	40	Anglo Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	10	Charter Cons.	19
Boots Drug	12	I.C.L.	7	Vickers	15	Chart'rh'll Fin.	6
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons Gold	18
B.A.T.	30	Legal & General	15	Woolworths	6	De Beers Def.	35
British Leyland	7	Ladbroke	11			F.S. Geduld	350
BOC Int.	5½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	7	"Lofs"	5½	Amal. Inv.	4	Hampton Areas	14
Cadburys	6	"Mams"	5	Brit. Land	54	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	11	Cap. Counties	4½	Kloof	140
Debenhams	8	Midland Bank	25	E.P.	8	Lonrho	18
Distillers	13	Nat'l West Bank	22	Land Securities	18	Loraine	55
Dunlop	6½	"do" Warrants	10	MEPC	9	Poseidon	55
Eagle Star	15	P & O Dfd.	11	Peachey	6	Pres. Steyn	275
E.M.I.	17	Plessey	8	Town & City	4½	Rio T.Zinc	20
Gen. Accident	16	R.H.M.	6	Town & Comm.	4	Welkom	55
Gen. Electric	13	Rank Org. 'A'	18			West Areas	75
Glaxo	35	Reed Int'l	25	Oils		Western M'ng.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	42		
G.U.S. 'A'	17	Slater Walker	5½	Burmah Oil	4		

NEW HIGHS AND LOWS FOR 1975

The following securities (number in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

NEW HIGHS (27)

BRITISH FUNDS (1)
Treasury 11¼pc 1981
BUILDINGS (2)
McNeill Grp. Norwest Holst
STORES (1)
Wades "A"
ELECTRICALS (3)
Crossland (R & A. G.) Racal Electronics
Farnell Electronics
ENGINEERING (4)
Coated Metals Firth (G. M.)
Danks Gowerton Rotork
FOODS (1)
Assoc. Dairies
INDUSTRIALS (4)
Davies & Newman Int. Computers
Hepworth Ceramic Pauls & Whites
MOTORS (2)
Flight Refuelling Turner Manuf.
PAPERS (1)
Chapman (Balham)
PROPERTY (1)
Evans of Leeds
TEXTILES (1)
Dawson Intnl.
TRUSTS (2)
Archimedes Inc. Iceland (K)
OILS (3)
Anglo-Ecuadorian Woodside-Burmah
Royal Dutch
MINES (1)
Peko-Wallsend

NEW LOWS (4)

STORES (1)
Samuels
INDUSTRIALS (2)
Anglowest Wood (W.)
OVERSEAS TRADERS (1)
Sena Sugar

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	18	22	19
Corpns. Dom. & Foreign Bonds	3	1	67
Industrials	147	452	1,131
Financial and Prop.	90	252	290
Oils	3	11	18
Plantation	4	4	39
Mines	46	21	66
Recent Issues	5	15	27
Totals	297	778	1,657

£10M. SCHEME FOR COALFIELD

A £10m. scheme to expand production in the South Notts. coalfield, including the working of new seams and introduction of modern machinery was announced yesterday by the National Coal Board.

FINANCIAL TIMES STOCK INDICES

	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 28	[illegible]
Government Secs.	58.10	58.18	58.17	58.18	58.37	[illegible]
Fixed Interest	58.54	58.56	58.51	58.54	58.80	[illegible]
Industrial Ordinary	364.2	368.1	366.6	361.2	357.5	[illegible]
Gold Mines	236.8	229.4	228.4	218.4	222.7	[illegible]
Ord. Div. Yield	5.79	5.73	5.79	5.83	5.90	[illegible]
Earnings Y'ld % (full)	16.10	15.93	15.98	16.28	16.44	[illegible]
P/E Ratio (net)	8.04	8.13	8.10	7.97	7.85	[illegible]
Dealings marked	8,744	6,412	7,233	6,348	7,406	[illegible]
Equity turnover £m.	—	64.52	67.53	62.97	75.96	[illegible]
Equity bargains total	—	14,736	16,583	14,074	17,097	[illegible]

10 a.m. 362.3. 11 a.m. 361.3. Noon 361.1. 1 p.m. [illegible]

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.64	49.18	127.4	49.18
Fixed Int.	67.31	50.55	150.4	50.53
Ind. Ord.	377.8	146.0	543.6	49.4
Gold Mines	442.3	215.4	442.3	43.5

S.E. ACTIVITY

	Dec. 4	[illegible]
Daily — Gilt Edged	164.1	[illegible]
Industries	242.2	[illegible]
Speculative	58.4	[illegible]
Totals	153.5	[illegible]
5-day Av'r'ge — Gilt Edged	165.6	[illegible]
Industrials	248.0	[illegible]
Speculative	56.2	[illegible]
Totals	158.4	[illegible]

MONEY MARKET

Very small assistance

Bank of England Minimum Lending Rate 11½ per cent. (since November 28, 1975)

Day-to-day credit was in slightly short supply in the London bullion market yesterday and the authorities gave a small amount of help by buying Treasury bills from the Discount houses. Banks carried forward very small surplus balances and a slightly reduction in the note circulation was also against the market's favour. On the other hand the market was faced with a net take-up of Treasury bills and local authority bills, and settlement of official gilt edged sales.

Discount houses paid 10¾-11 per cent. for secured call loans in the early part, but funds were available at 9½-10½ per cent. at the close.

Short-term fixed period interest rates showed little overall change, but recorded a slight downward trend in some sectors.

Rates in the table below are nominal in some cases.

Dec. 4 1975	Sterling Certificates of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills ✧	Bank bills ✧	Fine trade bills ✧
Overnight	—	10¼-11	—	—	—	11-12½	9½-11	—	—	—
2 days notice	—	—	10⅞-11	—	—	—	—	—	—	—
7 days or 7 days notice	—	10¾-11	11-11⅛	—	—	—	10⅞-11	—	—	—
One month	11⅛-10⅞	10⅞-11⅛	11-11⅛	11⅛-11¼	11-12½	—	10⅞-10¾	10⅛	—	—
Two months	11⅛-11	11-11⅛	—	11⅛-11¼	11-12½	—	10⅞-10¾	10⅜-10⅞	10⅜	11⅛
Three months	11⅛-11	11⅛-11¼	11¼	11⅛-11¼	11-12½	—	10¾-10⅞	10⅛	10⅝	11¼
Six months	11⅛-11	11⅛-11⅜	11⅜-11½	11⅜-11½	11-12½	—	—	—	10⅝	11⅜-11½
Nine months	11⅜-11¼	11⅜-11½	—	11⅜-11½	11½-13	—	—	—	11	11⅞-12
One year	11½-11⅜	11⅝-11⅝	12⅛	11¾-11⅝	11½-13	—	—	—	—	—
Two years	—	12-12⅛	12¾	13¼-12½	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 12¾ per cent.; four years 13¼-13¾ per cent.; five years 13⅛-13⅜ per cent. ✧ Bank bill rates in table are buying rates for prime paper, buying rates for four-month bank bills 11-10 15/16 per cent.; and four-month trade bills 11⅛-11¼ per cent. Approximate selling rates for one-month Treasury bills 10⅛-10 [illegible] per cent.; two months [illegible] per cent.; three-month 10⅛ per cent. Approximate selling rate for one month Bank bills 10 15/16 per cent.; two-month 10⅞-10 15/16 per cent.; and three-month 10 13/16 per cent.; for one-month trade bills 11¼ per cent.; two-month 11 5/32 per cent.; and three-month 11 5/32 per cent.

Finance House Base Rate (published by the Finance Houses Association) 12 per cent. from December 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rates for lending 11 per cent. Treasury Bills: Average tender rates of discount 10.8990 per cent.

BASE LENDING RATES

AFI International [illegible]
Allied Irish Banks Ltd. [illegible]
Anglo-Portuguese Bank [illegible]
Henry Ansbacher [illegible]
Banco de Bilbao [illegible]
Banco de Jerez [illegible]
Bank of Cyprus [illegible]
Bank of N.S.W. [illegible]
Banque du Rhone [illegible]
Barclays Bank [illegible]
Barnett Christie Ltd. [illegible]
Bremar Holdings Ltd. [illegible]
Brit. Bank of Mid. East [illegible]
■ Brown Shipley [illegible]
Cayzer, Bowater Co. Ltd. [illegible]
Cedar Holdings [illegible]
■ Charterhouse Japhet [illegible]
C. E. Coates [illegible]
Consolidated Credits [illegible]
Co-operative Bank [illegible]
Corinthian Securities [illegible]
Credit Lyonnais [illegible]
G. R. Dawes [illegible]
Duboff Brothers [illegible]
Duncan Lawrie [illegible]
English Transcont. [illegible]
First London Secs. [illegible]
■ Antony Gibbs [illegible]
Goode Durrant Trust [illegible]
Greyhound Guaranty [illegible]
Grindlays Bank [illegible]
■ Guinness Mahon [illegible]
■ Hambros Bank [illegible]
Hawtin & Partners [illegible]
■ Hill Samuel [illegible]
C. Hoare & Co. [illegible]
Julian S. Hodge [illegible]
Industrial Bank of Scot. [illegible]
Keyser Ullmann [illegible]
Knowsley & Co. Ltd. [illegible]
Lloyds Bank [illegible]
London & European [illegible]
London Mercantile [illegible]
Midland Bank [illegible]
■ Samuel Montagu [illegible]
■ Morgan Grenfell [illegible]
National Westminster [illegible]
Northern Comm. Trust [illegible]
Norwich General Trust [illegible]
Portman Guaranty [illegible]
P. S. Refson & Co. [illegible]
Rossminster Accept's [illegible]
Schlesinger Limited [illegible]
E. S. Schwab [illegible]
Security Trust Co. Ltd. [illegible]
Shenley Trust [illegible]
Standard Chartered [illegible]
Sterling Credit [illegible]
Thames Guaranty [illegible]
Trade Development Bk. [illegible]
Twentieth Century Bk. [illegible]
United Bank of Kuwait [illegible]
Whiteaway Laidlaw [illegible]
Williams & Glyn's [illegible]
Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, [illegible]
† 7-day deposits on sums of [illegible] over £25,000 [illegible]
§ Demand deposits [illegible]

CORAL INDEX
Close 362-367

I.G. INDEX
GOLD 128-141

INSURANCE BASE RATES

† Atlantic Assurance [illegible]
Cannon Assurance [illegible]
† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

[illegible]

Friends' Provdt. Unit Tr. Mgrs♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	28.5	30.4	−0.4	4.17
Do. Accum.	33.5	35.8	−0.4	4.17

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC1. 01-600 9451

G.T. Cap. Inc.	55.2	58.6	......	5.00
Do. Acc.	62.7	66.7	......	4.50
G.T. Inc. Fd. Un.	100.7	107.1	......	9.38
G.T. U.S. & Gen.	125.2	131.0	......	1.10
G.T. Japan & Gen.	169.3	180.1	......	[illegible]
♦Gt. Pens.Ex.Fd.	108.5	115.0	......	[illegible]

REGIONAL MARKETS

...ing the merger last year of U.K. stock exchanges, a selection of the share ...riously shown under regional headings is presented below with quotations ... Irish issues, most of which are not officially listed in London, are ...arately and with prices as on the Irish exchange.

... 20p	16	......	Craig Ship. £1	320	......	Shiloh Spinn.	25	......
...	30	......	Hallam Sleigh 10p	6	......	Sindall (Wm.)	50	......
...	21	......	Higsons Brew.	95	......			
...	135	......	I.O.M. Stm. £1	125	+5	**IRISH**		
...h	35	......	Holt (Jos.) 25p	260	......			
...	315	......	Kleen-e-Ze	17	......	Alliance Gas (£1)	75	......
...)	25	−2	Lovell's Ship £1	95	......	Carroll (P. J.)	132	......
...Hdy.	76	......	N'thn. Goldsmith	89	−1	Clondalkin	52	−1
... 10p.	35	......	P.M.A.	43	+7	Concrete Prods.	95	......
...	9	......	Pearce (C. H.)	80	......	Goodbody (£1)	34	+10
...	44	......	Peel Mills	12	......	Heiton (Hldgs.)	29	......
... 5p.	16	......	Richards 10p	13½	......	Irish Distillers	73	+3
... 50p.	120	......	Robb Caledon £1	36	......	Irish Wire	46	......
... Sons	12	......	Sayers 12½p	7	......	Jacob	72	+2
...)	65	−1	Sheffield Brick	65	......	Sunbeam	18	......
			Sheff. Refrshmt.	140	......	Unidare	67	......

...OD PRICE MOVEMENTS

	Dec. 4 £	Week ago £	Month ago £
...sh A.1. per ton†	965	955	930
...sh A.1 per ton†	945	945	930
... Special per ton†	940	940	930
...h A.1 per ton†	—	—	—
...er A.1 per ton§	945	945	930
... (packet)			
...per 20 lbs†	7.61-7.67	7.61-7.67	7.43-7.67
...ish per cwt†	43.39-47.77	45.39-47.77	45.39-47.72
...sh salted per cwt†	46.63-47.49	46.63-47.55	46.54-47.49
...ish cheddar white ...dless per tonne	—	—	—
...er tonne	824	824	834
...e-prod. Standard	3.10-3.25	2.85-3.00	2.90-3.10
Large	3.20-3.40	3.05-3.20	3.10-3.30

	Dec. 4 per pound p p	Week ago per pound p p	Month ago per pound p p
...h killed sides ex ...CF	36.0—39.0	34.0—37.5	32.5—36.0
... forequarters	27.0—29.0	26.0—28.0	25.5—27.5
...ntine chilled rumps	—	—	—
...sh	26.0—36.0	30.0—34.0	32.0—34.0
...s-Ds	31.0—33.5	30.0—33.0	28.5—32.0
...ll weights)	29.0—30.5	28.5—30.5	27.0—30.0
...ish ewes	13.0—19.0	—	14.0—15.5
...er chickens	21.0—28.0	21.0—26.0	21.5—26.0

...don Egg Exchange price per 120 eggs. † Delivered. ...ivery December 6-December 13.

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 67¼% (based on $2.0292 per £)

CANADIANS

S.E. List Premium 67¼% (based on $2.0258 per £)

Conversion factor 0.5959 (0.6029)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكر امن الاحل

هكمر امن الاحلى

INDUSTRIALS—Continued

Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
Johnson & B. 12½p	33	......	8.49	2.4	7.8	8.1
Johnson Clnrs.	34	......	2.56	♦	7.6	♦
Johnson Mth. £1	315	−2	12.38	1.7	9.8	9.0
Judge Int.	25xd	−1	10.25	6.5	5.1	6.7
Kalamazoo 10p	19	......	1.85	1.7	10.9	8.2
Kelsey Ind. 12½p	59	......	1.57	1.6	12.8	8.7
Kennedy Sm. 10p	11½	......	†2.47	4.7	7.0	4.7
Kershaw (A.) 5p	688	......	1.38	1.9	18.5	4.5
Kleeman	213	......	12.01	8.7	2.7	—
Kode Int.	27	......	13.69	5.0	2.8	11.0
L.C.P. Hldgs.	71	......	†1.25	3.5	7.0	6.3
L.K. Ind. Inv.	21	......	♦13.9	2.4	8.6	9.9
L.R.C. Int. 10p	37	+1	†d1.96	1.8	14.4	5.9
Lawson Inds.	78	−1½	2.0	0.8	8.3	22.4
Laxtex	29	......	2.74	2.5	5.4	10.6
Lead Inds. 50p	114	......	2.58	2.0	13.7	4.9
Leadenhall Ste.	92	......	†4.89	3.9	6.3	6.3
Le Bas (Ed.)	45	......	3.05	2.4	8.1	5.3
Lebolf Fobel 10p	33xd	−1	†1.36	8.5	4.5	3.9
Lebus Harris	39	−1	†1.48	4.2	6.8	9.6
Leigh Ints. 5p	25xd	......	2.0	6.7	7.9	—
Leisure Car. 10p	77xd	......	4.73	5.8	4.5	5.9
Lep Group 10p	131	......	14.82	1.7	9.6	10.4
Lesney Prods. 5p	37	......	2.54	7.7	3.0	5.8
Letraset 10p	53	......	g0.84	7.6	3.5	5.2
Lilley 10p	12	......	g1.28	3.3	3.6	12.1
Light & Leis. 10p	31½	+½	0.17	2.4	2.1	34.2
Lindsay & Wms.	39	−1	t2.0	3.7	12.2	6.9
Linduslries	55	......	3.06	3.6	12.1	3.5
Lipton (L.)	26	......	†3.76	3.4	10.5	4.0
Lloyds Ind. 10p	60	......	‡2.4	2.0	♦	5.5
Lon. & Nthn. Grp.	46	......	♦13.3	2.4	8.7	7.5
Long Hmbly. 10p	131xd	−1	3.35	1.7	11.5	7.7
Longton Trans.	30	......	1.17	2.0	13.4	5.7
Lonsdale Univsl.	58	......	2.84	11.9	14.6	5.5
Lou & Bowar 50p	155	......	13.53	3.4	9.4	4.8

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
13	7	Wood 'B' 10p	7	−1	10.87	—		
99	29	Wood Hall	64		3.54	2.2	7.2	
7¼	4	Yeates Furn. 5p	6½	......	40.24	2.3	8.1	
27½	14	Zetlers 5p	19		0.95	4.6		

INSURANCE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
97	30	Brentnall Bd. 10p	94				
160	60	Britannic 5p	143	......	†2.92	3.5	4.5
373	140	Comb. Ins. Am. $1	320	−2	1.0	—	7.3
194	72	Comm. Union	135	−70		—	
148	45	Eagle Star	126		6.77	—	7.7
£113	£100	Canada U.K. 9% Cnv.	£108	−2		—	6.1
198	50	Equity & Law 5p	378			—	18.3
166	67	Gen. Accident	164	−4		—	4.4
225	83	Guardian Royal	195	−1	15.5	—	5.1
300	54	Hafford Sh'd 10p	272	−3	†7.25	—	6.1
292	82	Heath (C.E.) 20p	230		15.44	3.6	
149	37½	Hogg Robinson	149	−2	16.1	3.5	
150	30	Howden (A.) 10p	133	−2		3.7	3.4
148	43½	Legal & Gen. 5p	125		22.35	4.0	3.4
125	35	Lon. & Gdn. 12p	104	−3	14.36		2.7
143	48	Lon. & Man. 5p	125		3.39		
178	63	Matthew Wr. 20p	166	−3	16.35	2.3	5.0
•125	28	Minet Hldgs. 20p	114	......	†7.39		
262	93½	Pearl 5p	218	......	12.36	1.5	6.8
233	87	Phoenix	216xd	−6	9.6	2.9	5.2
130	60	Provident "A"	130	−2	18.75	—	6.8
137	60	Do. "B"	130	+2	55.55	—	5.5
142½	52	Prudential 5p	127	+2	66.55	—	7.0
130	48	Refuge 'B' 5p	172	−2	15.07	—	7.9
•320	106	Royal	360	+2	6.25	—	6.7
275	99	Sedg. Forbes 10p	254	−6	13.99	—	7.9
84	29	Stenhouse	78	+2	17.93	1.8	6.9

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Trusts, Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

NOTES

FINANCIAL TIMES

Friday December 5 1975

Wilson given rough ride over Summit

BY JOHN BOURNE, LOBBY EDITOR

THE PRIME MINISTER was given one of the roughest rides of his Parliamentary career in the Commons yesterday when he defended his tactics at the Rome Summit conference of the EEC.

Constantly interrupted by Conservative jeers, laughter and shouts of "resign," and attacked by both Left- and Right-wing Labour MPs, Mr. Wislon doggedly maintained that the Government had achieved its objectives in safeguarding a British "voice" instead of a seat at the coming energy conference.

He also insisted that the compromise agreement on allowing Britain and Luxembourg to speak separately from the ranks of the EEC delegation at the coming conference had improved the cohesion of the Community.

Neither point would have been won by Mrs. Margaret Thatcher, the Opposition leader, had she been Prime Minister, he said to growing uproar from the Tories.

But the hardest stings came from his own side. Mr. Douglas Jay, a leading anti-Marketeer and a former Cabinet colleague asked whether the events in Rome had really justified Mr. Wilson's claims that Britain's interests had been safeguarded.

Mr. Dennis Skinner and Mr. Eric Heffer, two Left-wingers, both derided the Prime Minister. The first said Mr. Wilson had only himself to blame for the mess he was in: "You ignored the advice of the Labour Party during the Common Market Referendum campaign."

Mr. Heffer said abandonment of the Foreign Secretary's original demand for a separate British seat at the energy conference was a bitter disappointment, which had caused much resentment in the party.

Picking up Mr. Wilson's argument that the Government had been "aiming for the moon in order to land on Snowdon," he said—to roars of laughter—that this was a "pretty disastrous tactic.

"It would have been better for the Government not to have asked for a separate seat at all than to end up in its present position."

The Prime Minister's worst moment came—not unpredictably—when Mr. James Wellbeloved, a dedicated Right-winger and pro-Marketeer, declared that the Government's achievement had fallen well *short of its ambition.*

He pointed out sardonically that Fleet Street cartoonists would "mourn the passing of de Gaulle but will no doubt welcome the return of the Grand Old Duke of York."

Mr. Wilson's only support in 35 minutes of hostile questioning came from Mr. Andrew Faulds, Labour MP for Warley East.

But even this brought a howl of mirth from the Tories. "He's an actor," said one of them—correctly—while pointing at Mr. Faulds.

The treatment meted out to Mr. Wilson by some of his own back-benchers was criticised at a meeting of the Parliamentary *Labour Party three hours after* the Commons exchanges.

Mr. Charles Morris, MP Manchester Openshaw and a former parliamentary private secretary to the Pime Minister, said he was "dismayed" by the way *some colleagues had questioned* Mr. Wilson about the Rome talks.

Parliament. Page 14

Inquiry urges more talks on Llanwern row

BY LORELIES OLSLAGER, LABOUR STAFF

NO EASY conclusion to the long-smouldering dispute between the British Steel Corporation and blastfurnacemen over commissioning a new, high-capacity furnace at Llanwern seems in sight in spite of recommendations for its solution by a special court of inquiry yesterday.

On the contrary, the court's recommendations could cause considerable complications for the Government's counter-inflation policy

As stated beforehand, the court did not recommend any figure to bridge the gap between the claim by the National Union of Blastfurnacemen for operating the new furnace and BSC's offer. These stand at £115 and £100 respectively a week for the best paid on the new furnace at optimum performance.

The court severely criticised the union's claim on several grounds, particularly because it would imply an "enormous reversal" of present pay relativities.

It would have given the best paid on the furnace £20 a week more than the steelmaker, who at present tops the unskilled pay league, and £28 a week more than the keepers on the two older furnaces at Llanwern.

But the results of increased productivity must benefit the workforce as a whole, the court said, and not just the group of people most immediately concerned.

It therefore recommended that talks should resume on the basis of BSC's latest offer, with two possible improvements.

It is the nature of these improvements that could cause *trouble, quite apart from the fact* that BSC seems determined that it cannot materially increase its offer in money terms, however it is presented.

Officially, the Corporation would say only that it accepted the court's recommendations. It also pointed out that negotiations with the blastfurnacemen had in fact resumed last week and that further meetings were being arranged.

Mr. Hector Smith, general secretary of the National Union of Blastfurnacemen, said the improvements suggested were impossible under the counter-inflation policy.

The court proposed that a £7-a-week "lead-in" payment for a Work Measurement Incentive Scheme, which formed part of BSC's "final" offer last September, should be improved. It also suggested that a second stage, to *be paid once the targets set up* by the scheme had been attained, could be exceeded if performance was better than the target.

The counter-inflation policy, however, does not allow new or improved productivity schemes and as a result a number of other BSC workers are in danger of not receiving any WMIS payments at all.

BSC is expected to seek guid*ance from the Government on* the court's recommendations, but even if this guidance said that increased payments were allowed because the blastfurnacemen were expected to do a different job with new machinery, there could be strong protests from other unions.

Facing losses of up to £340m. *this financial year,* it is at the moment trying to negotiate considerable labour economies with the trade unions while at the same time receiving a number of pay claims.

Dismissing the court's recom*mendation on the WMIS incentives.* Mr. Smith said his union would now try to reach a settlement with BSC "our own way, through negotiations"

He would not say how firmly the union was sticking to its claim. That would be discussed by the executive next week.

Editorial Comment. Page 22

Llanwern furnace talks "should resume." Page 15

Leyland returning to normal

By Roy Rogers, Labour Correspondent

PRODUCTION at British Leyland's Oxford and Birmingham volume car *plants will begin* returning to normal to-day after the settlement yesterday of a regrading dispute which had halted four key model ranges.

About 8,000 men, made idle by the 8-day strike of just seven men at an Oxford components subsidiary, are being progressively recalled to work as production of Allegros and Minis, Marinas and Princesses, is resumed.

Production should be almost normal by the time Lord Ryder, chairman of the National Enterprise Board, meets British Leyland management, local union officials and senior shop stewards in Birmingham next week.

Yesterday's settlement means that the seven strikers, who ferry parts around in the plant, move up one grade to join fork-lift truck drivers on £50.80 for a 40-hour week. In exchange for this promotion, worth about £1 a week, the strikers will have to take on additional work.

Talks on a separate regrading demand by engine tuners at the *company's Cowley assembly* plant, at Oxford, are due to resume to-day.

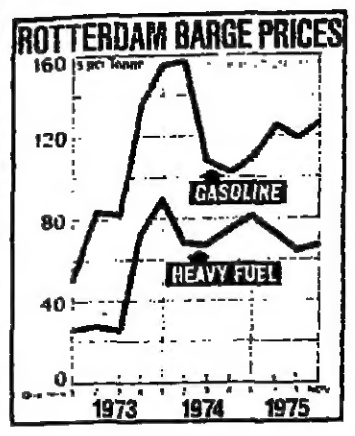
Cowley management has offered to implement the findings of an Advisory Conciliation and Arbitration Service inquiry panel which earlier this year, recommended that the tuners be put into a new, semi-skilled category.

This offer has been accepted by the Amalgamated Union of Engineering Workers, but is still *opposed by the Transport and* General Workers' Union.

THE LEX COLUMN

Profits strength from Bass

Index fell 3.9 to 364.2



Bass has increased its profits by £5.5m. to £55.6m. pre-tax for the year to the end of September after a £3.6m. interim decline—continuing the pattern of better than expected brewing *results started by Whitbread* last month. Indeed, the underlying trend may have been rather better since there were net exceptional debits of £3.3m. on closures and wine *stock provisions, only partly* offset by the absence of doubling running costs in 1973-74 on the Runcorn Brewery.

The key has, of course, been the favourable background in *prices and volume—up 4 per* cent. nationally over the summer—and Bass seems to have performed above average because of its big relative share (30 per cent.) of the high *margin lager market. Indeed,* lager sales are up from 14 to 26 per cent. of group beer sales enabling Bass to claim an increase in market share after 12 months of slight decline. Sales *of certain brands—for example* milds in the Midlands and the north—have, however, been hit by the recession, and wine and spirit profits are also down, the latter appreciably, while £2m. has written off £11m. of Bordeaux wine stocks.

Brewery shares have not been having their traditional seasonal run-up ahead of the results *period following bearish fore*casts for 1975-76—but while wines and spirits seem certain to be well down, Bass reports continuing healthy beer sales over the last two months. In *any event, its results should be* ahead of the sector this year, if only because of the increasing cost savings at Runcorn. Profits could actually rise during 1975-76—pointing, on the face of it, to a relatively strong share price performance with a p/e of 10½ at 99p. The drawback, however, is a yield a full point below Allied.

See also Page 24

BP

BP's net income totals £37.8m. for the third quarter against *£37.3m. in the previous three* months, and there should be a more marked recovery over the rest of the year. Product volume picked up a little over the summer months and although prices are still weak at the heavy end of the barrel—more important for BP than Shell—there should be some kind of seasonal improvement in the final quarter. Some countries, like *France, are already doing notice*ably better. In addition, a sharp rise in interest costs indicates a sizeable build-up in stocks during the third quarter, and October's oil price increase will produce stock profits.

So earnings targets remain intact at around 50p per share and the North Sea will be making a measurable difference in 1976. Although net cash flow may run £500m. or more *below* capital spending this year there should still be substantial liquidity left in December's balance sheet. But uncertainties about the future of the former Burmah holding are now proving a major constraint. At 367p the shares have been underperforming both Shell and the market for several months now, and some official comment on the former chairman's recent statement on this topic would be valuable.

See also Page 25

Racal

Racal gave the market a welcome jolt yesterday with interim profits up from £2.8m. pre-tax to £6.2m. and a forecast of at least £15m. for the whole of 1975-76. Last year the group made just £9½m., and in the past its forecasts have always erred on the cautious side. The *shares rose no less than 14 per* cent. on the day to 210p, against 1975's low of 48p.

Six-month volume is up by well over 50 per cent., and against a background of further price weakness in bought in components Racal's margins have widened sharply. But for an overseas profits ratio of around three-quarters it would now be facing serious price control problems. This ... seasonal profits pattern is ... to flatten out a bit from ... 30 : 70 ratio of the past ... years but even so ... could comfortably top £... earnings of 17p a share ... suggests a 1975-76 p/e of ... this year's share price ... is amply justified.

Racal's capacity has ... a sizeable boost over the ... 12 months, and the trend ... tinues. But borrowings ... minimal, and order ... are currently way above ... thing seen in the past.

See also Page 24

Pilkington

Pilkington's interim ... ment confirms that the ... turned. Profits before ... over the past three half ... have run at £14.8m., £10... now £11.8m., the group ... signs of an improve... several major areas ... 1975-76 profits could ... *roughly all-square at £2...* tax—after a fall from £1... £8.9m. in the six months ... tember. Australia is out ... red and TV glassware is ... to a total shutdown; ... trends generally are stan... recover and so are prices ... ably in the U.K. where ... glass has risen by some... like a quarter this year. ... 1976-77 the hopes are that ... kington's huge operational ... ing can push profits up ... or more—in contrast to ... day's market capitalisation ... £157m. at 262p.

See also Page 25

GUS

GUS's growth record ... as steady as ever with ... *profits up a tenth to £40...* tax. Sales growth of ... cent. still lags the ... figures by a couple of ... though the gap is smaller ... last year. The group ... have been gaining market ... in mail order, where the... also been a push on ... cruitment. Furniture ... has also been strong ... credit business has picked ... reflected in a small rise ... deferred profit reserve ... £67.56m. Although GUS ... clearly not expecting ... exceptional from Christmas ... *year profits could be up ...* £95m. pre-tax, against ... prospect which should ... turb a capitalisation of ... at 185p for the "A".

See also Page 25

Junior doctors' action puts growing strain on hospitals

BY JAMES McDONALD and LORELIES OLSLAGER

HOSPITAL services throughout Britain were said to be under increasing strain as a result of industrial action by junior doctors yesterday.

Meanwhile, leaders of the British Medical Association waited in vain for a communication from the Government that could herald a compromise in the separate dispute with consultants over phasing out pay beds from the National Health Service.

The BMA had hoped to hear from the Government yesterday after a meeting with Mr. Harold Wilson, the Prime Minister, at No. 10, Downing Street on Wednesday.

The meeting, which had also been attended by Mrs. Barbara Castle, Secretary for Health and Social Security, appeared to have prepared the way for a possible solution to the consultants' dispute.

But yesterday, doctors were infuriated by reports of a speech Mrs. Castle made in Oxford later on Wednesday, indicating a continued hard line by the Government on the need for controlling *private sector medicine.*

Dr. Derek Stevenson, secretary of the British Medical Association, said that "in the present delicate state of talks, it would be helpful if Mrs. Castle would *refrain from making inflammatory statements."*

A leading article in the BMA journal yesterday said: "The best hope for the future lies in her replacement by a minister less concerned with political dogma and more committed to the true interests of medicine."

It also threatened mass resignations by doctors if the Government forced unilateral legislation on the pay bed issue through Parliament.

The BMA is preparing a further approach to the Department of Health and Social Security to-day over the junior doctors' overtime pay.

The approach is expected to follow up claims by the junior doctors that more money is in fact available for meeting their demands for better overtime pay than the Government claims.

Consultants are increasingly feeling the strain of having to cover for junior doctors who refuse to work more than a 40-hour week, the Department of Health said last night. The situation in London was described as "serious."

At Rochdale, junior doctors in five hospitals voted to stick to a rigid 40-hour, 9 a.m. to 5 p.m. working week—the most militant form of action they can choose under present guidelines.

Texaco North Sea oil discovery 'likely to prove commercial'

BY RHYS DAVID

TEXACO confirmed yesterday that its oil find in Block 13/16 of the North Sea near Moray Firth was likely to be enough to be brought into commercial *production.*

The company has also disclosed that it is encouraged by progress in another field in the Shetland Trough on Block 3/4 where five successful wells have been drilled.

The company's hopes for Block 13/16—which was described as a "significant" discovery when first made last December—were disclosed by Mr. Maurice Granville, chairman and chief executive, at a meeting with financial analysts in Chicago.

He told them that with further drilling the company hoped to prove enough reserves to proceed with a development programme. This followed the completion of two confirmation wells and a discovery extension well on the 54,000-acre block, which is 100 per cent. owned by Texaco.

Mr. Granville said the company was planning an active drilling programme in the North Sea next year with the aim of proving up enough reserves in individual areas to support installation of producing facilities.

This would include further drilling to evaluate the prospects of bringing discoveries in block 3/4 into development.

Mr. Granville also reported that eight miles away from the block 15/16 discovery in the adjacent block 14/20, also wholly owned by Texaco, a discovery well had been tested at a flow rate of 7,605 barrels of oil a day.

The company had also participated in a discovery well drilled by other concerns on the boundary line of its wholly owned block 20/5, 50 miles south of block 15/16.

However, the potential of both these discoveries had still to be evaluated.

Mr. Granville announced that worldwide capital and exploratory spending by Texaco and its subsidiaries in the year to the end of September was $1,800m., with petroleum exploration and production accounting for about $1,100m. Most spending was in the U.S.

Occidental row with Libya ends

BY GUY DE JONQUIERES

NEW YORK, Dec. 4.

OCCIDENTAL PETROLEUM announced to-day that it has reached a settlement of its dispute with the Libyan Government over its nationalised oil concessions, enabling it to resume immediately shipment of its crude from Libya.

The company said that under the settlement, oil production from concessions 102 and 103, in which it has a 49 per cent. interest, will be set at an allowable rate from all fields of not less than 300,000 barrels a day for the next three years.

Production will continue at this rate for a further two years if in accordance with "good oilfield practice," and the minimum rate will then decrease to not less than 275,000 barrels a day during the next three years. In the ninth and tenth years, it will drop to not less than 250,000 barrels a day.

Last September, Libya ordered Occidental to cut back its daily rate of production drastically to 210,000 barrels from more than 440,000 barrels earlier in the year. On October 1, the Libya Government ordered Occidental to suspend liftings at the Zueitina terminal.

Payments

Occidental said to-day that it has the right to purchase Libya's 51 per cent. share of production from its concessions without incurring financial loss. It added that the Libyan Government had expressed its intention to preserve on a continuing basis "not less than fair remuneration for Occidental."

In exchange for the settlement, Occidental said that it will dismiss pending arbitration proceedings and pay all amounts due to the Libyan Government in cash or notes.

During the dispute, Occidental suspended payments to Libya totalling about $440m. It said to-day that amounts owing to Libya now and in the future would not be less than $272m. and that interest would be payable on any amounts deferred.

The company said adjustments would be made to the amounts now owing to reflect the fact that oil shipped by the Libyans since October 1, 1975 was their share of the oil, and that a similar quantity of oil lifted before that date as the Libyan share was for Occidental's account.

Occidental added that in all other respects the terms of both the concession agreements and the exploration and production sharing agreement remained in full force and that failure by Libya to comply with the settlement would be "a material breach" of all agreements between the company and Libya.

Continued from Page 1

Beswick for State aircraft post

last year, was last night made the Prime Minister's new PPS. Last week he was elected as a Manifesto Group candidate to the Parliamentary Labour Party's influential Liaison Committee with the Government. If he now has to retire from that committee, his place is expected to be taken by Mr. Frank Allaun, a Left-wing member of Labour's National Executive, who was runner-up in the elections.

Lord Balogh says in his letter to the Prime Minister, dated November 27: "The Third Reading of the third and final Bill establishing a new legal framework for North Sea oil almost coincided with my reaching the *biblical three score and ten* years. As I intimated to you some months ago, I felt that at that point the time would come for me to resign as a Minister."

Air industry managers slow to join State body

By Michael Donne, Aerospace Correspondent

LORD BESWICK'S first big task as chairman of the organising committee for the aerospace industry is to find the team of top management to help him in his task of planning for the time when the proposed State take-over becomes effective.

He is likely to find the task difficult, for many of the senior management in the industry are showing marked reluctance to join this organising committee—at least until the planned nationalisation is completed.

This attitude stems both from a strong belief in industry that the nationalisation Bill might still be killed; and from a strong sense of loyalty to the existing shareholders of the four aerospace companies to be taken *over, all of whom are bitterly* opposed to nationalisation.

The immediate reaction in the industry yesterday was disappointment that the Government had chosen to make the first chairman of the proposed State aerospace corporation a political appointment.

The Director of the Society of British Aerospace Companies, Sir Richard Smeeton, said: "The chairman should be an industrialist with very deep experience of world-wide salesmanship, as he will be exposed to the fiercest world competition for aviation markets and will be faced with a fight for the survival of the industry."

try that even without nationa-

It was suggested in the industry that, even without nationalisation, the aerospace industry would face a tough task in establishing the new co-operative ventures with Europe to beat off increasing U.S. competition.

One of the first tasks confronting the organising committee would be to run down the industry—Mr. Eric Varley, Secretary for Industry, indicated in the debate on the second reading of the Bill that some shrinkage of the industry would be likely.

Weather

U.K. TO-DAY

MILD and cloudy but mainly dry.

London, Southern England, E. Anglia, the Midlands, Channel Isles

Rather cloudy but *mainly dry.* Wind light westerly. Max. 10C (50F).

S.W. England, S. Wales

Mainly cloudy with some drizzle and fog patches. Wind light. Max. 10C (50F).

***N. Wales, North England,* Lakes, Isle of Man, Scotland and Northern Ireland**

Cloudy with some drizzle and fog patches. Max. 10C (50F).

N.E. England, Borders, E. Scotland, Orkney, Shetland

Cloudy with rain and some bright intervals. Fresh West wind. Max. 9C (48F).

Outlook: Mostly dry but some rain becoming colder.

Lighting-up: London 16.23; Manchester 16.22; Glasgow 16.17; Belfast 16.31.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm.	C	7	45	Madrid	C	7	45
Athens	S	17	63	Manchestr.	C	8	46
Bahrain	S	22	72	Melbourne	C	17	63
Barcelona	F	13	55	Mexico C.	S	20	68
Beirut	C	16	61	Milan	F	8	46
Belfast	C	8	46	Montreal	S	−5	23
Belgrade	C	6	43	Moscow	Dr.	1	34
Berlin	R	6	43	Munich	S	−1	30
Birmgham.	C	8	46	Newcastle	C	9	48
Bristol	C	9	48	New York	S	−1	30
Brussels	S	5	41	Oslo	S	4	39
Budapest	C	6	43	Paris	C	4	39
B. Aires	S	30	86	Perth	S	34	93
Cairo	C	22	72	Prague	F	5	41
Cardiff	C	8	46	Reykjavik	C	0	32
Cologne	C	6	43	Rio de J'o	S	33	91
Copnhagn.	C	9	48	Rome	F	15	59
Dublin	C	9	48	Singapore	S	27	81
Edinb'gh	C	10	50	Stockholm	C	−3	27
Frankfurt	F	4	39	Strasbourg	S	6	43
Geneva	C	6	43	Sydney	C	20	68
Glasgow	C	10	50	Tehran	S	3	37
Helsinki	C	4	39	Tel Aviv	C	17	63
H. Kong	S	25	77	Tokyo	C	15	59
Jo'burg	S	21	70	Toronto	C	−4	25
Lisbon	F	9	48	Vienna	C	8	46
London	C	7	45	Warsaw	C	6	43
Luxembg.	S	4	39	Zurich	F	5	41

HOLIDAY RESORTS

Ajaccio	C	15	59	Ls. Palmas	C	15	59
Algiers	C	16	61	Locarno	S	8	46
Biarritz	C	7	45	Majorca	C	16	61
Blackpool	C	9	48	Malaga	F	17	63
Bordeaux	S	8	46	Malta	F	18	64
Boulogne	C	6	43	Nairobi	S	22	72
Cape Town	S	23	73	Naples	F	15	59
Corfu	S	17	63	Nice	C	12	54
Faro	C	10	50	Nicosia	S	18	64
Florence	F	6	43	Oporto	S	12	54
Funchal	C	14	57	Rhodes	S	18	64
Gibraltar	C	17	63	Salzburg	R	4	39
Guernsey	C	9	48	Tangier	F	19	66
Innsbruck	R	3	37	Tenerife	R	10	50
Inverness	Dr.	9	48	Tunis	C	16	61
I. of Man	C	9	48	Valencia	R	14	57
Istanbul	S	11	52	Venice	F	7	45
Jersey	C	9	48				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Dr.—Drizzle.

Registered at the Post Office. Printed by St Clements Press Ltd for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.